pay October 18

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EUROPE'S BUSINESS NEWSPAPER

Thursday October 2 1986

D 8523 B

Nuclear profi deal is Moscow's target

World news

of 25 Soviet UN diplomats ordered to leave the US, will also be dis-

The Soviet Foreign Ministry spo-keman said Moscow sees the Reykjavik meeting on October 11 and 12 as one allowing the two lead-ers to give clear directions to their negativators in conclude two or firms negotiators to conclude two or three drafts on the limitation of nuclear weapons. Reagan's political beaus, Page 4

Chirac warning

French Prime Minister Jacques Chirac said France would retaliate "without pity" if it identified any country behind the recent Paris bombings but added that there was no evidence implicating Syria.

Sudan flight delayed

Unexplained last-minute snags grounded a relief flight to starving people in southern Sudan but it is expected to take off from Khartoum "within 24 hours".

Aquino rejects plea

President Corazon Againo of the Philippines fiatly rejected a left-wing demand for the release of the captured leader of the country's Communist Party, Rodolfo Salas, dashing hopes that ceasefire talks with communist rebels can be re-

Nigerian leader ill

A parade to mark Nigerian inde-pendence day was cut short in the partially built inture capital of Abu-ja when President firahim Bahan-gida, 45, left suddenly because he was feeling unwell.

French television cameraman Jean-Marc Sroussi, kidnapped in Beirut on Sunday, escaped from his captors in heavy rain.

Lange security lapse New Zealand Prime Minister David Lange ordered an inquiry into how a police folder containing details of

his personal security arrangements was found lying in a Wellington street. Fairer tax, Page 6 American expelled

US journalist John Berthelsen left. a privately owned New York invest-Malaysia for Singapore after the High Court rejected his appeal worth about £100m (\$144m). Malaysia for Singapore after the High Court rejected his appeal against an expulsion order made

for "security reasons". Editorial comment, Page 18

Pakistan retaliates

British nationals visiting Pakistan from the start of next year will require a prior visa. Islamabad said he decision was taken because Britain had imposed a similar requirement on Pakistanis.

Libyans accused

The crew of a Norwegian freighter detained by Libya in 1984 were subjected to systematic torture by their mards, a psychiatrist said in his re-

Lord Kaldor dies

ine

31

Lord Kaldor, economic adviser to British Labour governments of the 1960s and 1970s and one of the most inventive economists of his genera-tion, died in hospital in England, aged 78. Ohitmary, Page 8

Kiss of death

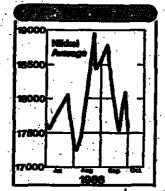
A Chinese bride died on her wedding day from heart palpitations caused by the "passion, intensity and length" of a kiss she received from her new husband, a newspaper in north-east China reported. taken into account. Page 23

Business summary British Gas gives sell-off details

Moscow wants next week's meeting in Iceland between Mikhail Gorbachev and President Ronald Reagan to focus primarily on the limitation of molest weapons.

Other issues, including the future of 25 Secret IV dislace the second resident res

WALL STREET: The Dow Jones industrial average closed up 15.32 at 1,752.90. Page 42



TOKYO: Late selling by secu compenies took share prices sharply lower. The Nikkei average lost 288.47 to 17,564.39. Page 42

LONDON was heartened by the strong start on Wall Street although much of the strength came from a-narrow band of industrials. The FT-SE 100 index closed 22.5 higher at 1,578.3 and the FT Ordinary share dex rose 24.7 to 1,251.7. Page 42

STERLING closed in New York at \$1.4480. It lost a little ground in ner at.4400. It out a nure ground in ner-vous trading, falling 0.1 on the Bank of England's trade-weighted index to 68.9. In London it ended at DM 2.92 (DM 2.9325), \$1.4450 (\$1.4470), Y222.75 (Y223.35), SFr 2.37 (SFr 2.3825) and FFr 9.5650 (FFr 9.6125).

GOLD fell \$% to finish in London a \$423. In New York the Comex De-cember settlement was \$492.20.

BOLLAR fell to DM 20215 (DM 20216), Y154.15 (Y154.35), SFr 1.6410 (SFr 1.6480), and FFr 6.62 (FFr 6.6425). Page 35

SWITZERIAND's three leading stock exchanges are next Monday to introduce continuous trading for a number of major Swiss equities

BOUYGUES, leading French con-struction group, has acquired a 10 per cent stake in Spie Batignolles, the rival civil engineering concern controlled by the French Schneider conglomerate, in a further attempt to expand its operations. Page 21 GUINNESS Peat Group, UK financial services company, is expanding its presence in the US market by buying Forstmann-Leff Associates

Page 21 MONTEDISON: Mario Schimberni chairman of Italy's Montedison group, faces a new offensive orga-nised by Enrico Coccia of the pow-erful Mediobanca merchant bank against his purchase of a large shareholding in a Florence-based insurer, Page 21

PRATT Hotel, Dallas-based hotel and casino operator, has withdrawn its \$110m bid for Resorts International, owner of extensive casino and land interests in Atlantic City and the Caribbean. Page 21 DOME Petroleum, troubled Canadi-

an energy producer which is asking holders of Swiss franc and dollar bonds for a deferral of interest and principal payments, said it had not made a payment of about C\$400,000 (US\$289,000) to Bayerische Landes ank, scheduled for Tuesday.

LAFARGE Coppeé, large French ce-ment group which has been ex-panding its biotechnology activities, announced a threefold rise in firsthalf profits to FFr 576m (\$86.7m).

VOLKSWAGEN Andi group expects to beat its 1979 sales record when models from Seat, previously state owned Spanish group which be-came a VW subsidiary in June, are

Northwest's order for Airbus jets could top \$3bn

BY OUR FOREIGN STAFF

AIRBUS INDUSTRIE, the European aerospace consortium, has won its second major order in the US in less than 18 months.

Northwest Airlines has signed an agreement to buy up to 100 A-320-200 twin-engined airliners. The Minneapolis-based company said the total value of the contract, including spares and support equip-ment could total \$3.2bn.

In May last year, Airbus won a major contract for 28 A-310 and A-320 jets from Pan Am, another major US airline. This order was worth \$1.1bn.

The latest order consolidates the European consortium's push into the fiercely competitive US market in competition with domestic manufacturers, Boeing and McDonnell-It is one of the biggest airline or-ders in US aviation history and the

first of an expected series of major orders as the US airlines re-equip their ageing fleets for the 1990's. The A320-200 which is scheduled

to make its first flight next spring, will seat 150 passengers and is the only new advanced technology aircraft in production, says its manufacturers. Its fuel consumption is half the average of Northwest's curreat fleet and the aircraft is one of

Under the agreement signed yesterday, Northwest will acquire 10 A-320s for delivery in 1990 and 1991. The agreement provides for Northwest to buy up to a further 90 A-320s for delivery by 1995.
Airbus is based in Toulouse, France, and controlled by French,

West German, British and Spanish aerospace companies.

British Aerospace said last night its share of the new order would be

£400m (\$579m). The other partners in the European joint venture are Aerospatiale of France, Messerschmidt-Bolkow-Blochm of West Germany and Casa

The leading engine supplier for the A 320 is the International Aero Engines consortium made up of Rolls-Royce of the UK and Pratt & Whitney of the US, each with a 30 per cent share, along with Japan Aero Engines, MTU of West Ger-many and Italy's Fist.

No decision has been made about which manufacturer will supply the engines for the 150-seat medium

Northwest will have the option to lease the first 10 aircraft which it is nitted to buy from financial institutions on favourable terms. The remaining 90 are to be made available to Northwest in a series of six blocks of 15 aircraft each.

Northwest will be able to confirm or cancel any or all of the aircraft offered in each block, after the initial 10 aircraft.

Mr Steven Bothmieir, chairman and chief executive of NWA, Northand chief executive of NWA, North-west Airlines parent company, said yesterday: "This deal affords North-west great flexibility in developing a long-term fleet plan. This is one of the few times that an airframe manufacturer is sharing the risk with a major airline in the development of a competitive fleet.

The flexibility in this agreement will allow Northwest to add additional capacity or to replace older Boeing 727s and CD 9s in our fleet in a manner that suits market needs and economic conditions as well as the financing capability of

the airline." Northwest recently won US Govnment approval to acquire Repuberiment approval to acquire nepun-lic Airlines, also based in Minneap-olis. The takeover, which would be worth \$884m, would allow North-west to become the third largest US carrier after United Airlines and

The A-320, which is an exten of the Airbus's earlier A-300 and A-310 programmes, makes its first flight next year before entering service with Air France and British

US warning dims hopes of \$ stability

BY PHILIP STEPHENS IN WASHINGTON AND GEORGE GRAHAM IN LONDON

THE DEEP disagreements between Mr Baker's remarks injected a leading industrial countries on exchange and interest rates resur-faced in public again yesterday as pound weakened slightly, the US administration emphasised Sterling markets continued to that it had not agreed to European benefit from fears that the West

calls to stabilise the dollar.

Mr James Baker, the US Treesuits operations in support of the ry Secretary, said that there were pound, and three month interest still differences between govern-rates edged down by % percentage ments over the degree of "further point to 10% per cent.

adjustment" of the dollar's value The Bank of England indicated eded to generate a sustainable its continued support for the exist-

trade pattern between major econing structure of interest rates by omies.

Mr Baker, speaking at the annual meeting of the International Monetary Fund, also indicated that the US remained dissatisfied with the few weeks. efforts of European governments to promote faster growth in their close in London yesterday at DM 2.0215, and weakened a shade fur-

Mr Gerhard Stoltenberg, West ther in early trading in New York. Germany's Finance Minister, made The pound remained virtually unclear that his country, which has changed against the dollar at borne the brunt of US pressure at \$1.445, but lost 1½ pfg to DM 2.92. this week's series of meetings, would not accede to calls for it to boost economic growth by cutting

dictability and a clearly-defined me-dium-term orientation are necessary qualities of a successful growth strategy. While we all have to follow the situation closely, it is essential to avoid drifting back to short-term economic fine-tuning, he told the IMF meeting.

BY MICHAEL HOLMAN IN LONDON

Poor oil sales halt

Nigerian debt drive

NIGERIA'S protracted efforts to Bank's inability to raise what is a manage its estimated \$6.5 on trade comparatively small amount is an

debts appear to have collapsed.

The country's central bank told creditors this week that it was un-

able to make the first payment of noteholders in London next month

principal due next week on promis- at which it will put forward propos-

oil exports from \$11.9hn in 1985 to a and 1983, with a further \$2.5hn ac-

The amount due next week is not partment (ECGD) cover.

The Government attem

sparks political row

By Raymond Snoddy in Londor

Choice of

new BBC

chairman

MR MARMADUKE "Duke" Hus sey, the man who led Britain's Times Newspapers in its unsuccess-ful battle against the UK's print unions eight years ago, was at the centre of a political row yesterday when he was appointed chairman of the BBC, the most influential job

in British broadcasting.

Opposition Labour MPs attacked the choice of Mr Hussey by Mrs Margaret Thatcher, the Prime Min-

Home Secretary, said the appointment was outrageous and that a future Labour government would try to remove Mr Hussey, a former chief executive of Times Newspa-

The dollar lost more than ½ pfg to Mr Hussey was to be a director of Times Newspaper Holdings with a roving brief to look at long-term strategy and how other newspaper: were coping with the problems of the future.

in Fleet Street these days are al-most unique in industry and will not diminish. After 14 years as a Share prices rose in both London and New York, however. The FT Ordinary share index gained 24.7 to 1,251.7, while the Dow Jones Indus-trial Average moved 20 points high-er in early Wall Street trading. Mr Baker said that the dollar's Duke Hussey needs a rest from the ditor-in-chief of the group, said.

sharp depreciation since last year It seemed like the gentle end to a Continued on Page 20 lifetime's career in newspapers that Background, Page 4; Economi Viewpoint, Page 19; Money markets, Page 35 began as a messenger at the Daily Mail rather than anything that would eventually lead to the most influential job in British broadcast-

> Mr Hussey may have come to the attention of Mr Douglas Hurd, the Home Secretary, because of his chairmanship of a struggling independent local radio (ILR) station Radio West in Bristol. He put together a refinancing package for one of the most vulnerable stations in the ILR system and played a key role in negotiating a merger with a neighbouring station covering Swindon to create a profitable com-pany – Great Western Radio.
>
> He was an effective lobbyist at

the Home Office on behalf of the the IIK and in payments for imports in the ear-ly 1980s. over which the principal will be opposed to plans for a new BBC ra-dio station for Swindon-Radio Wilt-A circular issued on Monday by

The development is the latest shire. He may now have to open it, the Central Bank of Nigeria said step in the long running and complex saga of Nigeria's trade arrears in theory and often in practice the most powerful position in the coroil exports from \$11.9hn in 1985 to a and 1983, with a further \$2.5hn ac-forecast \$8.5hn this year. Oil ac-cumulating in the past year. The BBC in that they represent the pub-

Nigeria's foreign-exchange earn-ings.

British companies, some of which to hire and fire the executive man-have Export Credit Guarantee De-agement, including the director

known, but since only a small proportion of the trade debt has been covered by the notes, it is not thought to be substantial. The Nigeria at crucial stage, Page 4

S African miners stage biggest ever strike

A total of 325,000 miners and 275,800 other workers were said to have been involved.

But Mr Cyril Ramaphosa, the tent of union support and the strength of feeling about the cam-paign for greater health and safety provisions, was marred by several incidents of tear gassing and police

Union officials reported that 150 miners were arrested at Welkom in the Orange Free State on their way to a memorial service and tear gas was used against singing and chan-ting miners at the Winkelhaak ting miners at the Mine near Kinross. At Vaal Reefs, workers were tear gassed in their

to the biggest stayaway ever in the union's attitude towards sanctions.

mines, the union claimed last night. He added that further action which He added that further action which could affect gold production would

Management and office workers
be discussed, but declined to give
and those miners who did work ob-

In a show of solidarity for the union's general secretary, said the protest, which underlined the exgress of South African Trade Unions (Cosain) staged various forms of work stoppages which mainly affected the steel and chem-icals industries said Mr Jay Naidoo, a senior official of the federation.

Gencor, owner of the Kinross mine said that 70 per cent of its 97,000 gold miners did not turn up for work, along with half its 14,000 coal miners. Anglo American Corporation said that 150,000 of its 180,000 workers stayed away. Chrome and other mines were al-

THE DAY of mourning called by hostels but later received an apoloSouth Africa's black National Union gy from mine management.

De Beers reported that only 2,500 out of a total workforce of 11,200 turned up at its diamond mines.

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The DAY o ever, reported "no abnormal absen-tseism."

mid-day and the flag at Gencor headquarters in Johannesburg was lowered to half mast as Mr Derek Keys, the executive chairman, led 35 top executives in a brief prayer President P.W. Botha, who

opened the South African Parliaent in January with a bold state ment that apartheid was "an outdated concept," yesterday concluded this year's cycle of provincial party congress in the Indian Ocean port Continued on Page 20 Zimbabwe's growth loses momentum, Page 6

Ford proposes plan to acquire 51% holding in Alfa Romeo

BY JOHN WYLES IN ROME AND JOHN GRIFFITHS IN LONDON

IRI-Finmeccanica, the state hold-

ing company which is Alfa's major shareholder, has committed itself to giving a formal response by Novem-

for Alfa Romeo." They are understood to involve Ford acquiring initially a 20 per cent stake in the loss-making com-

The joint statement said negotiations had been frank. "We believe the Ford offer is eminently sensible from Alfa Romeo's point of view, since it recognises the ment, although ministers are prom-

spond, however, appears aimed at forcing the hand of Flat.

A factor seriously complicating motor industry and on employment. Firnmeccanica's handling of the is-

sue is Fiat's undertaking to improve on Ford's offer once Fiat knows the pany, leading to a 51 per cent stake details. The IRI leadership has and management control within made little secret of its preference for an arrangement with Ford after exploring some Fiat proposals for will be taken within the Govern-

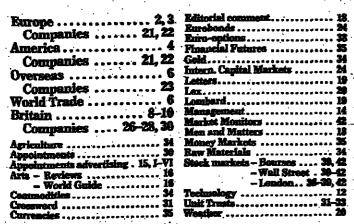
ising a more orderly procedure than that which last year produced Prime Minister Bettino Craxi's sur-

The final judgement is supposed to be left to the Minister for State

FORD of the US has delivered firm necessity to continue the indepenproposals for the future of Alfa dence and integrity of this famous Romeo, the Italian state owned carautomotive marque. The offer also recognises the need to restore the prise veto on the sale of the IRI food subsidiary SME to Mr Carlo de position of Alfa Romeo cars and engines in regard to its prestige competitors," it said. This means that if Finn Ford said it would refuse all furca's response is to be a clear one, the Ford offer must swiftly clear ther comment until a reply has A joint statement by Ford and been received. The inclusion of a Frameccanica last night said the firm date for Frameccanica to reproposals could resolve the "long spond, however, appears aimed at standing need for reorganisation forcing the hand of Fiat. been received. The inclusion of a the Government's inter-mini industrial policy committee which

Participation, Mr Cielio Darida, once he has taken opinions from IRI and his colleagues in the Gov ernment. But no one is excluding an intervention by Mr Craxi, who

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Zimbabwe: economic growth Economic viewpoint: policy loses momentum 6 needed for sterling 19

Management: Saatchis hit Lex: British Gas; Amstrad;

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Technology: fast track to Lombard: the triumph of the construction savings 12 conquistadors 19

Alfa at the turn of the year.

A final decision on Alfa's future for an "Italian solution" for Alfa. Losses at Renault division,

pocket of turbulence 14 Redland; Guinness Peat . . 20

counts for more than 90 per cent of majority of the arrears are owed to lic interest and have absolute power

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EUROPEAN NEWS

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Complimentary copies of the Financial Times are now available to guests staying at the following hotels in Istanbul:

Laura Raun writes from Amsterdam on next weekend's opening of the Oosterscheldt storm barrier

High-technology barrage to protect Dutch environment

WHEN Queen Beatrix of the Netherlands stands atop the Oosterschelder storm-surge bar-rier on Saturday and flips a lever, a series of mammoth steel gates will drop and temporarily stop the North Sea from washing into the Zeeland

The inauguration before 25,000 people will mark the completion of the high-technology barrier which has been called the eighth wonder of the world, a permeable dam that will allow tidal waters to flow in except during dangerous years. Both the delicate storms. Both the delicate natural environment and the physical safety of the Zec-landers will be protected.

The Fl 7.8bn (£2.4bn) barrier on the Oosterschelde estuary at the mouth of the Rhine river highlights the end Rhine river highlights the end of a 30-year delta works project designed to protect the province of Zeeland from the kind of catastrophic floods of 1953 that killed 1,850 people and destroyed farms and industries.

industry.

The entire Fl 14bn delta works is the largest water-control project in the world, a huge network of barriers. a huge network of barriers, dams, canals, dikes and locks that have been woven into the month of three rivers in a bid to wrest control of the sea. It is likely to be the last big water-control project engineered by the Dutch, who have spent centuries protecting their country—half of which is below sea level—from water.



Tops of some of the 65 concrete piers during construction of the barrage

gates are hung between 65 massive concrete piers to form a 3-km long barrier trux will be topped by a highway next year. Within 48 hours the tides will stop and the gates will then be raised to minimise any environmental damage to the famous Zeeland syster beds and rare mistrators coasts. rare migratory geese.

With the completion of the entire delta works, the chances by the Dutch, who have spent entire delta works, the chances have been stashed to only once try—half of which is below sea level—from water.

On Saturday the spectators, including royalty and presidents, will watch as the 62 level. The chances of someone steel gates weighing as much

as 480 tonnes slowly descend reduced to one in 10m, to the river bed. The sluice statisticians estimate.

gates are hung between 65 Originally a traditional dam. Originally a traditional dam was to have been constructed across the Eastern Scheldt (Costerschelde), one of the finger-like water ways created by the confluence of the Scheldt, Rhine and Maas rivers.

By the early 1970s, however, new generation of Dutchmen

a new generation of Dutchmen had grown up who were as much concerned with preserving the delicate ecological balance of the estuary as with protecting their own lives. An amalgament of environamalgamation of environ-mentalists, professional fisher-men and recreational anglers

plants could be jeopardised if the natural tidal flows were halted. Averting a cabinet crisis in

1973, it was decided to seek an alternative to a traditional dam and Dutch engineers set about the task of creating a stormsurge barrier with some relish.
With years of experience in
controlling water, the engineers
came up with a solution that
was a barrier formed of 65
wedge-shaped concrete piers
with sinice gates hung between

them.

To ensure an even and stable surface for the road atop the barrier, the river bed was dredged smooth and laid with

coulders were then carefully laid around the base of the plers to anchor them.

The highly computerised con-trol centre includes hydrological and meterological information fault monitoring devices and an early warning system that assimilates data from various sources. During unmanned periods the early warning system will determine whether monitoring teams should be called in.

Construction has been carried largely by Dosbouw, a consortium of the leading names in Dutch contracting: Ballast Medam, Breejenbout, Hollandsche Beton Groep and Royal Volker Stevin among others. The cost has more than doubled to Fl 7.8bn from an original Fl 8bn while construction delays have pushed the tion delays have pushed the completion into next year from an original deadline of 1985.

The entire delta works pro-ject involves a highly complex network of eight dams, a major canal, several locks and raised dikes to harness the Rhine mouth for commerce, shipping. tourism and the environment.
With its myriad of islands and
estuaries, Zeeland has promoted
a lively tourist industry that has profited from the bridge highways across

ne picturesque province with its gently rolling hills and quaint villages had been rather isolated by the numerous water ways. New Zealand is worried

mastic asphalt slabs upon which the piers were planted.
"Aprons" of stone filled asphalt slabs and high experiment following completion of the project, which took 60 per cent of its 1,900 workers from the province at one time.

Like the Oosterschelde, the whole delta works has surged in costs over the three decades of construction. Originally estimated to cost F1 2.5bn, the final price tag is more than five times that high—much of that due to the Oosterschelde.

due to the Oosterscheide.

Critics have questioned whether the Fl 7.8bn for the storm-surge barrier could have better been spent elsewhere. Questions have come even from within the Public Works Ministry, which has carried out the project. In 1980 Mr Tjebbe Visser, public works' project leader for the barrier, said:

"This is the first Dutch water control project which will provide no economic gain. It is an unusual project in that no land will be reclaimed or irrigated. will be reclaimed or irrigated.
Only the interests of safety and
nature will be served."

Public spending on the delta works project has been so massive that total government investments will fall by 3 per cent next year and about one-fifth of the jobs in the Public Works Ministry will end in the coming four years.

The delta project may be the last of such efforts now that the cabinet has decided to drop plans for reclaiming land from the Ijsselmeer, formerly called

the Zuider Zee.
Not the least of the Dutch hopes for this weekend is that other countries contemplating

Le Pen condemns Athens

BY ANDRIANA IERODIACONOU

MR JEAN MARIE LE PEN, October 12—and a for reasons leader of the French extreme of public order." The Salonika right National Front party, yes.
terday accused the Greek
Government of being "undemocratic" for banning a conference of European rightwingers to have taken place last
waskend in Selamina and trade unions, had reacted strongly to the
prospect of hosting the event.

Feeling against far right
political forces runs high in wingers to have taken place less.
weekend in Salonika and sald Greece, where memories of the military dictatorship from 1967 in Greece at the to 1974 are still fresh. In a

could not take place because the European Rights parlia-Greece is going through a pre-election period—municipal for a release of the jailed ring-elections are scheduled for leaders of the Greek junta.

beginning of December.

The Athens Government lowing a closed-door meeting at advised the organisers of the conference last week that it in Athens of the Præsidium of

Yugoslav PM under attack

YUGOSLAV parliamentarians are attacking Prime Minister Branko Mikulic for failing to the governme fulfill) promise to curb inflation now running at almost 100 per cent, the semi-official news-Politika said yesterday, Reuter reports from Belgrade.

It quoted one MP, Mr Lazar Zarie, as saying Mr Mikulie's promise in June to cut inflation by 20 percentage points by year-end had been forgotten. Earlier this week Mr Mikulie again promised to

Swiss growth rate to slow

THE SWISS economy will con-

years but at a slower rate, according to a medium-term study published by the Federal Institute of Technology in

For the current year, the report forecasts a rise in gross domestic product of some 2.4 per cent in real terms, follow-lng a 4 per cent increase in 1985. For the next year and 1988 the institute reckons on GNP growth rates of 2.2 per cent and 1.6 per cent, respectively.

THE SWISS economy will con-tinue to grow over the coming and tourism, it is claimed. years but at a slower rate. Private consumption is expected to rise by a real 3.75 per cent in 1986, 3 per cent next year and 2 per cent in 1988 as compared with 1.5 per cent last

expected to continue at a high rate in Switzerland. Expenditure in real terms on equipment is expected to grow by 10 per cent in 1986, 6 per cent in 1987 and 4 per cent in the following

Inpulses are likely to come increasingly from the home market and less from such foreign-

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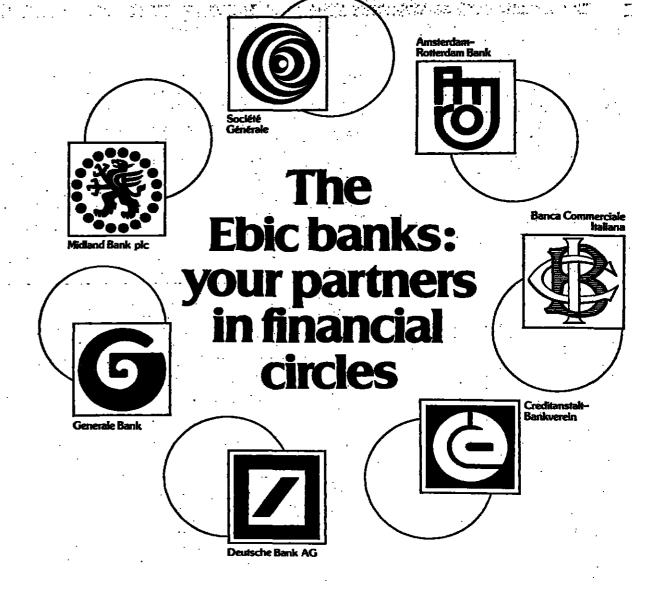
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FIVANCIALTY SECTION TO THE SECTION OF THE SECTIO Market Committee of the MANUFAL MANY

SWEDEN'S public workers stepped up their strike action yesterday when the two blue-collar worker union confederations announced plans to bring some of their members out on strike and to impose a ban on overtime.

weeks ago. Statsanstaelidas Foerbund Statsanstaelldas Foerbund (SF) and Svenska Kommunalarbetare Foerbund (Skar),
representing together about
800,000 hine-collar workers in
the public sector, said last
night that their strike action
and overtime ban would take
effect from noon today if
"meaningful and constructive"
direct poemtiations with the

Shipyard deal calms French

demonstrations

By David Housego in Paris

DEMONSTRATIONS subsided

in French shipyards yesterday

after the Government reached an agreement with three trade

unions on redundancy terms for workers losing their jobs at the

yards of the bankrupt ship-building group Normed.

The Government had offered a cash payment to all workers of FFr 200,000 (£21,000) — the highest settlement to date in

the French nationalised sector together with retraining allowances. The Government further conceded in negotations

taking on shipyard workers and a special scheme to help workers

in the 48-55 age bracket to find jobs.

The Paris commercial court

is to decide on Monday whether

to put Normed into liquidation.

to put Normed into liquidation. It seems increasingly probable however that the Government will go on financing jobs at the yards until current orders are completed — thus providing further time for alternative users of the yards to be found.

BY SARA WEBB IN STOCKHOLM

10.00 am this morning.

The employers in the Government, municipalities,

Swedish blue-collar workers

join public sector strike

and county councils originally said they would hold direct negotiations on two conditions: if the unions dropped their Over 14,000 public sector workers in the white-collar union confederations came out on strike on Tuesday following the breakdown in wage negotiations and the rejection of the state-appointed mediating commission's final offer nearly two weeks ago.

Stateanstaelidas Foerbund

The unions dropped their demands for wage parity with the private sector and if they agreed to a wage increase of 10 per cent over 1986-87.

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The unions dropped their demands for wage parity with the private sector and if they agreed to a wage increase of the original to the private sector and if they agreed to a wage increase of the original to the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of the private sector and if they agreed to a wage increase of t

SF has threatened to call out 1,750 members including ticket collectors working in the Swedish state railways, post office terminal workers, aircraft technicians, and power station workers, and will issue a ban on overtime for 175,000 mem-bers with effect from next

employers did not start before for its 600,000 members who include social workers, hospital workers and local government employees, with effect from noon today.

This will bring the total

number of public sector workers out on strike to over 17,000. Already, the effects of the strike are visible. Stockholm's bus service is running at 50-60 per cent of its usual level because within the present of the strike are reported. level, because public transport

supervisors were called out on Tuesday.

Some hospital wards have shut down and patients transferred to other areas or else told to expect delays for opera-tions; because of the shortage in nursing staff.

Strike action by customs staff is costing the government about SKr 200m (£20.2m) a day, and the municipalities say they are losing interest on taxes because Thursday. cheques are not being paid in Skaf plans a ban on overtime by tax administrative staff,

Buyer unveils plans for W. German housing group

BY PETER BRUCE IN BONN

PROMISSING to make it "fun once again" to be a Neue Helmat tenant, Mr Horst Schiesser, owner of a Berlin-based bakery chain, yesterday formally took over the West's biggest housing group from West Ger-many's trade union movement. Mr Schiesser agreed to buy the rump of Neue Heimat, around 190,000 homes, nearly

two weeks ago for a symbolic DMI in a deal that has cost the unions dear in public esteem and political credibility.

Mr Schiesser said Neue Heimat, which when sold had liabilities of DM 17bn (£5.8bn) and short-term debts of about DM 3bn, would continue to meet its special obligations to tenants

but would be managed much

more strictly.

Neue Helmat was founded in the fifties under the principle of gemeinwirtschoft, a form of co-operative, which offers tax breaks provided no more than



Mr Helmut Kehl: meeting with unions

wanted to return the group to profitability as soon as possible. Mr Schiesser promised to make deep cuts in Neue Heimat's operating costs but did

breaks provided no more than will go on financing jobs at the yards until current orders are completed — thus providing further time for alternative users of the yards to be found.

Normed owns shipyards at La Ciotat and La Seyne on the Mediterranean and at Dunkerque in northern France.

breaks provided no more than make deep cuts in Neue Helmat's operating costs but did not say where.

The unions met in Bonn yesterday with Chancellor Helmut in return, the unions have Kohl for the first time in a year and again came under pressure to release more details about the financing of the Neue Heimat's operating costs but did not say where.

The unions met in Bonn yesterday with Chancellor Helmut in Schlessey, promised to make case of the unions met in Bonn yesterday with Chancellor Helmut in a year and again came under pressure to release more details about the financing of the Neue Heimat's operating costs but did not say where.

Daimler warns over threat to regional aid

By Jonathan Carr in Frankfurt DAIMLER-BENZ, the fastdiversifying West German vehicle maker, has strongly ventree maker, has strongly defended its right to controversial local government aid to help build a DM 1.85m (£620m) car plant at Rasiatt in the southern state of

Baden-Wuerttemberg.
Mr Werner Breitschwerdt,
Daimler's chief executive, also
warned that if building work warned that it building work at Rastatt had not begint by the start of 1988 Daimler would have to look for a site elsewhere, probably Bremen in the far north.

Mr Breitschwerdt's remarks

Mr Breitschwerdt's remarks come amid intense public debate over the aid, believed to total more than DM 120m, which Baden-Waerttemberg's state government is putting up for the Rasiatt project.

The European Commission in Brussels, trying to stamp out subsidies to the European motor industry, has already pledged to investigate the affair. Critics in West Germany argue that Daimler, as one of the country's richest companies, should not receive such an injection of taxpayers' money.

money.

In a speech in Stuttgart, Mr
Breitschwerdt sald that —
whether one liked it or not — governments throughout Europe sought to outbid one another in trying to get companies to settle and create

It was not up to an indi-It was not up to an individual company to try to bring about a change. The Daimler chief said that the Rastatt plant would be the company's third big domestic car plant, and would campley around 7,000 people and the Government would quickly recover in extra tax recovers what it planted to revenue what it planned to make available in aid.

make available in aid.

He also noted that one factor favouring Rastait was that Daimler had a plant in the relatively depressed commercial vehicle sector close at hand. The new factory could thus help absorb labour freed at the officer plant.

But Mr Breitschwerdt stressed Daimler did not insist on Rastatt. If building work was delayed the company night decide on Bremen instead.— am area where, he noted, investment "misidies." instead — an area where, he noted, investment subsidies were eligible under EEC rules because of the weak

Italy to raise airliner from sea bed

FOR SIX years the mystery cessive governments say they surrounding the "Ustica case" have tried and failed to find an answer and the idea of raising latina body politic. Hours of investigation have failed to supply an answer as to why a DC9 airliner plunged into the sea as to make the sea ariliner plunged into the sea as to make the sea ariliner plunged into the s

tary evidence of an explosion aboard the airliner which was fanciful was a link drawn with the mystery of file in or around the aircraft. Suc- on an internal flight from the discovery just over a year will ever be solved.

The persistent public concern little.

The persistent public concern little.

At first, the discovery of caught up in and brought down would be employed first to make of the aircraft and 81 lives in traces of T4 explosive in some by a Nato exercise—but there there are the verecise would be feasible. But neither he nor of Ustica stems from fragmentary evidence of an explosion aboard the airliner which was fanciful was a link drawn with the mystery of flight IH 870 that discovery just over a year will ever be solved.

airliner plunged into the sea

However, the issue was taken by a bomb explosion.

Announcing the Government's decision to try to raise the the Transport Ministry and or the loss of the Transport Ministry and resident Francesco Cossign in an exercise in president francesco Cossign in a could be explained or any missile.

Announcing the Government's decision to try to raise the transport Ministry and magistrates reports, is the notion that the aircraft was hit by a missile.

Some wilder unofficial explanation of the wreckage may only deepen the mystery. An American reconnaissance submarine caught the magistrates reports, is the notion that the aircraft was hit by a missile.

Some wilder unofficial explanation for the loss.

Announcing the Government's decision to try to raise the transport magistrates reports, is the notion that the aircraft was hit by a missile.

Some wilder unofficial explanation for the loss.

Announcing the Government's decision to try to raise the transport magistrates reports, is the notion that the aircraft was hit by a missile.

Some wilder unofficial explanation for the loss are connaissance submarine caught property down.

Pravda urges closer China links

THE TIME is right for a further Government had earlier sent a Peking. Bilateral trade is improvement in the Soviet message of congratulation to planned to exceed 12bn roubles Union's relations with China, Peking, saying that it under- (£12bn) between 1986 and 1990.

Union's relations with the Soviet Communist Party daily Pravda said yesterday.

The article, written to mark the 37th anniversary of the founding of Communist China, follows a sharp improvement in relations between the two biggest Communist powers gest Communist powers said all the conditional s relations between the two higgest Communist powers

Pravda said all the conditions now existed for "a further
consolidation of traditional
friendship between our two
nations," although it also
cautioned that much remained
to be done. The Soviet

Jaruzelski, the Polish leader
who is closely allied to Moscow, that they still want a reduction
in Soviet troops on China's
northern border, the Soviet
Union to leave Afghanistan and
Vietnam to leave Cambodia but
the so-called three obstacles do
not appear to have hindered the
recent improvement in relations.



Mr Talyzin: trade talks in Peking

EEC research funding in doubt

BY OUENTIN PEEL IN BRUSSELS

A NEW grant of cash for the second phase of the EEC's to review progress on the the design of the second phase, Ecu 1.5bn (£1bn) Esprit programme — designed to promote European co-operation in information technology (IT)

The conference was intended some wide-ranging doubts about the design of the second phase, and the cash required, for what now seen the initial funding committed to a total of 200 collaboration projects in IT respectively. formation technology (IT) research — is certain to run into tough scrutiny from the member states, industrialists were warned yesterday.

The European Commission has called for another Ecu750m to bring forward the second phase to 1987, because all the cash in the first phase of the programme has now been com-

Mr Geoffrey Pattle, the British Minister of State who currently chairs the EEC Be-search Council, told a con-ference in Brussels that agree-ment on the money would not

search.

Esprit is regarded by the European Commission as the showpiece of its research efforts different sectors of technology. in a key field of high tech-nology, where European col-laboration is seen as essential to close the gap with the US and Japan.
Mr Karl-Heinz Narjes, the

EEC Commissioner responsible, refused to contemplate the "disaster" which would result from failure by the research minister to approve his cash request. "I do not think we arguing that public money is need even entertain such an not as necessary as agreement idea," he said.

not as necessary as agreement to remove market barriers in

Mr Pattie, however, voiced high technology sectors.

as possibly in conflict with the "pre-competitive" nature of the programme so far.

He also suggested that such projects "be adopted on a much more modest and exploratory

Soviet trade 📑 in deficit with West

THE SLUMP in world oil prices kept Soviet trade with the West in the red for the first six months of 1986 with exports and imports falling in volume, according to official figures,

Reuter reports from Moscow. The Soviet Union had a 2.3bn rouble (£2,275bn) trade deficit with the West from January to June, compared with one of 2.4bn roubles in the same period last year, according to statistics published in this month's edition of the foreign trade edition of the toreign trade journal Vneshnyaya Torgovlya. Western embassy economists said Moscow had avoided a worse trade balance by restricting imports from the West Moscow had also sold a large amount of gold in apparent efforts to reduce its deficit, the

Ahead of the Big Bang, stockbrokers Capel-Cure Myers* have been making a few noises themselves.

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Strike over pay closes 11 east coast ports in US

US EAST COAST ports from Maine to Virginia were blocked yesterday after 80,000 members of the International Longshore-Association went on

Eleven outlets, including ports at Boston, Baltimore, Philadelphia and New York—the largest US general cargo port—were affected. A spokesman for the New York Shipping Association, representing man-agement in the ports of New York and Boston, said traffic would come to a complete

II.A members voted to strike from midnight on Tuesday following the failure to agree terms for a 45-day labour con-tract extension with two North Atlantic shipping associations.
Twenty-five other ports employing ILA members in Texas and
the Gulf of Mexico were un-

Minister warns

on Sri Lanka

from a proposal by the Council of North Atlantic Shipping Associations, which represents ports at Providence, Baltimore, Philadelphia and Hampton Roads Virginia, asking the union during the extension period. According to Mr Greg Storey

spokesman for the New York Shipping Association, this would effectively reduce wage levels for workers handling uncon-tainerised goods to \$14 an hour from \$17 at present. Those handling containerised merchan-dise would continue to receive dise would continue to receive the \$17 per hour flat rate.

Ports under the auspices of the New York Shipping Association were also hit, although the association has agreed in principal to the longshoremen's demand for a two-year wage freeze followed by a \$1 per hour in-crease in the final year of the contract and did not demand

Jamaica wins **\$60m loans**

By Mervyn de Silva in Colombo By Canute James in Kingston MR RONNIE DE MEL, Sri Lanka's Finance Minister, has asked the Government for im-JAMAICA has received two loans totalling \$60m from the World Bank following nego-tiations in Washington this week, according to Mr Edward asked the Government for immediate approval of a three-year economic reform package without which he cannot hope to negotiate a Rupees 6.5bm (\$232m) loan from the IMF and the World Bank.

He has told the Cabinet that his reforms cannot wait till the Seaga, the Prime Minister
Mr Seaga said one loan,
of \$40m was intended for the
islands' trade and finance secter, while the other was to be used by public enterprises. The Prime Minister is meet-ing the International Mone-tary Fund at the weekend his reforms cannot wait till the elections in 1989, as urged by many of his ministerial col-

WILL THERE STILL BE A MARKET FOR SHOES IN THE PHILIPPINES. **NOW THAT MRS. MARCOS**

HAS DEPARTED?



Hodine could have warned you there might be

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PLUG INTO THE INFORMATION REVOLUTION-

US factory orders fall by 1.4%

THE US Commerce Department reported yesterday that new orders for plants and factories in August fell by 1.4 per cent from July, foreshadowing a downturn in business activity, Reuter reports from Washington.

construction rose 1.1 per cent in August, following a rise of 0.7 per cent in July. This figure is a broad gauge of new building activity, taking in housing as well as new productive facilities such as feathering.

ties such as factories.

The value of new orders for manufactured goods fell to \$191.78bn (£132bn), down 1.4 per cent from July. This was the steepest one-month decline in Moreh. March.
The drop was larger than analysts had anticipated

US index falls

THE US index of leading economic indicators fell by 0.2 per cent in August compared with the previous month. The Financial Times yesterday incorrectly reported that the index rese

Stewart Fleming in Washington on the domestic motives behind the US-Soviet meeting Iceland talks offer political bonus for Reagan

decision to resolve the impasse over the arrest of Nicholas Daniloff with a "no swap swap" for a Soviet spy and to press ahead for a "pre-summit sum-mit" next week with Soviet leader Mikhail Gorbachev in Iceland has dismayed conservatives in the US and worried many experts in US-Soviet rela-

But it is recognised on Capitol Hill that provided the Reykjavik talks go well, the President's Republican Party has much to gain from a preelection meeting with Mr Gorbachev. This helps to ex-plain why leading Republicans have been quick to support the President's decision.

The Reagan Administration itself lost no time on Tuesday in attempting to turn its summit announcement to advantage, immediately turning up the pressure in Congress for law-makers to rally behind their President on issues such as South Africa.

The White House may also be hoping for an early political victory from the agreement to meet in Iceland. Defence spending legislation coming up for country which has, in general,

Administration to put into effect a one-year moratorium on nuclear testing, to adhere to the 1979 SALT II arms limitation agreement and to freeze spending on the Strategic Defence

ing on the Strategic Defence Initiative.
With the meeting just a few days away, the White House will be arguing strongly that Congress would be playing with fire and weakening Mr Reagan's negotiating position if it were to pass such measures.

Record girth possible short Beyond such possible short term gains, a triumphant return from Reykjavik would also give the President an issue to exploit as he stumps the country on behalf of Republican candidates as year month's wid-term

dates at next month's mid-term Congressional elections. The

Much to gain

been worried, rather than reassured, by the harsh anti-Soviet rhetoric it has heard from the White House. criticism there is. Dr Henry Kissinger, a sup-

or Henry Assinger, a sup-porter of the president, never-theless gave vent to deep mis-givings about the haste with which the Iceland meeting has

rol agreements, sitting down in such haste at a summit.

The dom Reagan might expect which Mr Reagan might expect from a successful summit them the summit the successful summit the su

have decided that Moscow is unlikely to sabotage the meeting in this way because Mr Gorbachev himself needs a successful summit. As for the question of whether or not Mr Reagan is equipped to negotiate i stailed arms control issues, many experts outside the government doubt that Mr Reagan will be drawn into such a debate. Instead, he will seek to settle an agenda for the real summit later this year.

The howls of dismay from the conservatives in Washington following Tuesday's announcement makes one thing clear. They are convinced that Mr Reagan and Secretary of State out short-changed. The brief delay between the exchange of Mr Daniloff and alleged Soviet Soy Mr Gennadi Zakharov makes the contention that there was no swap barely credible. Moreover the fact that the officials have in fact been expelled from the Soviet UN mission remains unresolved, is generally seen as indicative of a retreat by the Administration on this issue. As for the conservatives in Washington got less out of this deal than the past. have decided that Moscow is un- out short-changed. The brief

a summit being set up this quickly," he said.

He said he was worried at the thought of heads of state who lacked the expertise to negotiate details of arms control agreement, sitting down in

selves, it is argued, may put as extremists, such as Mr advantage since he runs the security Advisor to former risk of Moscow declaring the President Gerald Ford, feel that in resolving the Daniloff affair the administration came

Mexico's creditors given one month to accept new loan deal

Director, who is seeking com-mitments from banks for 90 per cent of the total amount before he implements the IMF's own SDR 1.40n (£965m) loan arrangement for the government of President Miguel de la Madrid.

None the less it will involve an intense selling effort by the Mexican authorities against a background of market cynicism over Mexico's economic outlook. This is to begin with a major presentation to bank creditors in Washington on October 10 to be followed with "roadshows" in leading financial centres
Bankers close to the negotiations hope that the margin over London Eurocurrency rates of hi per cent which applies to the loan package will turn out to be a selling point. It is higher than the market had expected and

the market had expected and close to the f per cent demanded by leading creditors.

Further, the decision to lend made available to Mexico if its to Mexico had already been concern performs worse than banks when they agreed to con-tribute to the country's latest feature of it is that the banks \$1.6bn (£1.13bn) bridging loan have managed to eliminate a late last month. Between them formal link between this part these banks will account for two of the package and the level of thirds of the bulk of the loan oil prices.

MEXICO'S new \$6hn (£4.2bn) loan agreement is to be rushed through the market at an unprecedented pace.

The creditor banks will have until the end of October to confirm their commitment to the loan agreed in principle with main bank creditors in Washington on Tuesday night.

The deadline is longer than the two weeks originally proposed by Mr Jacques de Larosiere, IMF Managing Director, who is seeking commitment to the terms also effectively silence demands by MEXICO'S DEAL IN FIGURES

Debt Category	Amount (\$bn)	Old maturity (year)	New maturity (year)	Cost saving* (\$m)	Grace period (years)
Previously rescheduled loans	43.7	1996	2006	163.5	7
New loans agreed in 1983-84 New money for	8.53	1994	1994	130.8	3
1986-87 Contingency	6.0	_	1998	_	7
facilities	1.7			Iscussion	
* Cost saving represe interest margins to †! This margin applies to	per cen	الله t over الله ercial bank	er er dome	stic cost f the pack	of fund: are.

Mexico for concessionary conditions including the linkage of interest payments to oil prices. Testerday negotiations were dept that has already been reworking on the final details of scheduled under Mexico's sothe nackage, including the concalled Ficorca scheme. This refinancing will only come into ditions under which the World Bank will guarantee \$500m of

play later.



broader market place.
One fear is that the Mexican negotiators have been so prenegotiators have been so pre-occupied with the political im-pact of the negotiations at home that they have ignored the con-cerns of their creditors abroad who are now being asked to put up new funds in proportion to their exposure to Mexico out-standing in 1982.

Disbursement of the new money loan by the commercial banks will run in parallel to payment by the World Bank on its \$500m loan to Mexico which is designed to finance developent of its non-oll export in-

dustry.
The World Bank said yesterday that its guarantee on the commercial bank package would form part of a total of \$2.3bn in al commitments it is making to Mexico as part of the latest concerted international effort to help it service its \$970n foreign debt.
It will guarantee only the final maturity of its portion of the package which means that

hanks will only have recourse to Mexico where interest pay-ments are concerned. The guarantee will also only become effective if all other parts of the package are in place. Mr James Baker, US Treasury Secretary, told the IMF yester-

The package also covers the \$950m principal repayment left over from last year and still unpaid by Mexico. This will be refinancing the refine the refinancing the refinancing the refinancing the refinancing the refinancing rolled into the refinancing agreement for new loans agreed in 1983-84.

Despite the gloss being put think we can look forward to on the package by leading bankers yesterday, there is considerable uncertainty as to how stringthened debt strategy," he

Nigeria at crucial stage in plan to tackle debt problem

NIGERIA this week reached a spending (the 1986 budget pro-crucial stage in its complex gramme has been revised twice game plan designed to resolve so far this year), the relaxation the country's crippling debt of price control, moves to free burden and set in train as the domestic money and capital

sconomic recovery.

Central to the plan is markets, a major review of inmarkets, a major review of inma

On the other, the government of President Ibrahim Bahangida faces considerable domestic hostility to an IMF role in the handling of Nigeria's economic

Hence the apparent confusion surrounding the report that Nigeria has signed a letter of intent to the IMF and applied for a loan of SDR 650m (£390m). In an independence day

broadcast yesterday, President Babangida declared: "We have not sought we have not obtained and we have no intention of obtaining any loan from the lMF."

facility. However, the application was essential to Nigeria's efforts to obtain the all important Fund endorsement of a far-reaching reform programme built up over the past

The only way to obtain such an endorsement was to go through the formalities of nego-tisting a programme with the Fund and applying for the standby.

This strategy, conceived by officials in Lagos, is intended to meet the demands of Nigeria's creditors while satisfying the Nigerian public which, rightly or wrongly, fears that any loan from the IMF would only be equal to the contraction. would only be squandered.

The key to the IMF approval was last week's launch of the two-tier foreign exchange market first announced in the 1986 budget. This has resulted in a major devaluation of the Naira from 65 US cents to 23

The first of these is the obtaining of a \$250m bridging loan from Western central banks needed to finance the initial stages of the two-tier foreign exchange market. This will be followed by the This will be followed by the announcement of a \$450m trade policy loan from the World Bank and then by negotiation first with the London Club of commercial bank lenders to Nigeria and subsequently with the Paris Club official lenders (created according acts)

Nigeria's foreign debt difficulties have long centred around its short-term foreign trade

The president's denial is obligations rather than its much technically correct, to the more manageable medium and extent that Lagos does not long-term borrowings.

debt overhang continue to vary widely. But it is now being officially estimated at some \$40n that accumulated in 1982-1983, to which must now be added a further \$2 bn that has The standby agreement is absolutely central to the entire strategy because it will unlock the door to the extra financial resources Nigeria must attract. These are estimated at some

\$1bn annually from the World Bank over the 1987-89, supplemented by some \$2bn new money over the same period from the commercial banks, and by relief from debt re-schedul-

going to depend largely on the willingness, or otherwise, of the commercial banks. to provide Last month, the banks agreed to extend a freeze on repay-Naira from 65 US cents to 23 ments of principal due on the country's \$7bn medium-and long-term commercial bank debt. An IMF agreement import and exchange controls, reduction in government re-scheduling of the debt.

Package offers a breathing space on debt

THE Mexican authorities were yesterday trying to strike a balance in their claims for their latest and biggest ever foreign debt restructuring.

Though the cry of victory is of the agreement.

Even though Mexico has not highly inflationary exchange achieved to its originally, and publicly, set with the sld of the new fullest possible advantage.

The reduced 13-16ths spread itself a vital political breathing

been won was a breathing space.
The major stress lay on the fact that the new money committed in principle under the Washington agreement is to underpin the restoration of growth, and on the urgency of securing new funds to head off the danger of hyper-inflation.

Since the 1982 manetal Cuess, Mexicans to get use country and because of the ruling Instiback to where it started, advances in the promised structuoual Revolutionary Party's vances in the promised structuoual Revolutionary Party's to be in causing it, the stand-training of the 77-year-old regime of the economy will have to be achieved to hold out the option But if targeted growth of 3 of a return to the sustained to 4 per cent of gross domestic growth Mexico enjoyed for four the danger of hyper-inflation.

debt restructuring.

Keen to bring to the fore real improvements in the conditions of repayment on both existing and newly contracted debt, finance officials admitted however that what had really been won was a breathing space.

The major stress lay on the fore in the conditions of repayment on both existing and newly contracted debt, finance officials admitted however that what had really been won was a breathing space.

The major stress lay on the fore in the credit history of the country," embodying a 42 per cent cut on the mark-up in the run-up to the succession to Mr de la Madrid in 1988 Since the 1982 financial crisis, and because of the ruling instiguence of the ruling instiguence of the ruling in the credit history of the country," embodying a 42 per period on capital repayments on the run-up to the succession to Mr de la Madrid in 1988 Since the 1982 financial crisis, and because of the ruling instiguence of the ruling in the package is "the best marging in the credit history of the period on capital repayments on the mark-up in the run-up to the succession to Mr de la Madrid in 1988 Since the 1982 financial crisis, and because of the ruling in the credit history of the period on capital repayments on the mark-up in the run-up to the succession to Mr de la Madrid in 1988 Since the 1982 financial crisis, and because of the ruling law in the credit history of the period on capital repayments on the mark-up in the credit history of the period on capital repayments on the run-up to the succession to Mr de la Madrid in 1988 Since the 1982 financial crisis, and because of the ruling law in the credit history of the period on capital repayments on the mark-up in the credit history of the period on capital repayments on the run-up in the credit history of the seven-year period on capital repayments on the run-up in the credit history of the period on capital repayments on the run-up in the credit history of the period on capital repayments on the run-up in the credit history of the period on capital repayments

at least not worse than the one it inherited.

To avoid the impression that six years of unprecedented sac-rifice have been imposed on Mexicans to get the country back to where it started, ad-

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proble

n to

Come 300th in this competition and you win a Concorde holiday. Just imagine what the 1st prize is.

It's Concorde's 10th birthday. And to celebrate we're holding a little competition.

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And as if that wasn't enough we'll also throw in a round trip on Concorde.

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Your very own Concorde awaits your pleasure. But when?

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Good luck from everyone at British Airways. And may a tail wind be with you.



The world's favourite airline.

Sanctions against Pretoria would put fresh pressure on Harare, Tony Hawkins writes

Zimbabwe's growth loses momentum

CONVENTIONAL wisdom holds that South Africa cannot afford a prolonged sanctions campaign because it needs foreign investment and growth to satisfy the aspirations of its young and rapidly growing population.

The same is true, however, of most — if not all — of South Africa's neighbours, including Zimbabwe, whose Prime Minister, Mr Robert Mugabe, is at the forefront of the campaign for tougher economic measures

By the standards of the region, Zimbabwe's broadly based economy is in remarkably good shape, with real gross domestic product (GDP) in-creasing 7 per cent last year. But all the indicators sug-

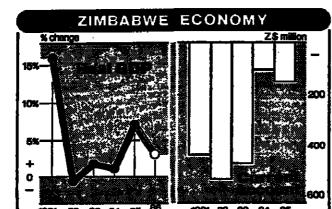
gest that demanding times are ahead, with GDP growth expected to slip to 3 per cent this year, well below the rate required to cope with nearly 100,000 school-leavers looking for jobs

for jobs.
Underlying the economic forecasts is a major unpredictable factor: what could be the consequences of South African retaliatory measures which might be provoked by sanc-

Zimbabwe's healthy growth last year was largely the result of a strong rebound. Crop

of a strong rebound. Crop volumes rose some 30 per cent while the value of output is estimated to have increased more than 50 per cent.

The combination of a strong farm-based recovery and a 30 per cent increase in import allocations in the second half of 1985 resulted in manufacturing production increasing 11 ing production increasing 11 per cent to record levels. However, as the rebound Mining production volumes stimulus to the economy wears have stagnated in recent years



momentum. Erratic rains in the 1985-86 growing season resulted in lower cotton and maize pro-duction, but tobacco volumes were up some 12 per cent.

were up some 12 per cent.

Strong leaf prices on the Harare auction floors, where average prices this year are expected to be some 17 per cent higher than in 1985, will boost the value of agricultural production this year by some 2390m (£38m), but reduced maize and cotton crops and lower livestock earnings suggest that agricultural output will rise by no more than 5 per cent.

At the same time, the main At the same time, the main boost to manufacturing last year was increased textile pro-duction arising from a record

cotton crop.

The smaller cotton crop and the fact that there has been no increase in real import allocations this year implies limited industrial growth of no more than 3-4 per cent.

and in the early part of this year were some 7 per cent below their 1980 levels and 12 per cent on the peak attained 10 years ago. Despite this, production

values have more than doubled since 1979, reflecting higher commodity prices — especially for gold, which is the country's second largest export—and the depreciation of the Zimbabwe dollar.

This year, mining expansion is forecast to slow to below 10 per cent from 15 per cent in 1985, with the bulk of the improvement coming from increased gold realisations.

While the government's stabilisation policies have succeeded in substantially reducing the current account payments deficit from a peak of Z\$533m in 1982 to Z\$102m in 1984, this has involved tight curbs on imports to tand the temporary 1984 ban to time cance lifted) on profit and

(aince lifted) on profit and be significant but far from 1990s, when the number of dividend remittances abroad.

Over the next 18 months, Zimbabwe might manage to dary education will average prospects depend heavily on ex- substitute markets in some 300,000 a year.

economy and of commodity prices and, of course, the un-

ensure that this year's crop de-liveries of around 1.7m tonnes

are maintained.
This, however, is something

of a Catch-22 situation, since,

by the time the 1987 harvests start, Zimbabwe is likely to be carrying a maize stockpile in excess of 2m tonnes, enough to see the country through three head weeks

Production que tas for tobacco have been lifted and assuming

normal rains, output could in-crease some 15 per cent, to 135m kgs. Tobacco, along with renewed cotton expansion, is the

most likely source of growth

next year. The main downside risk is

political; the impact on the economy of the sanctions cam-

paign against South Africa, Mr Mugabe has threatened to go

beyond the full package of Commonwealth sanctions, scrapping the trade agreement with South Africa and possibly banning profit, interest, dividend and appropriate to the

even pension remittances to the

The unknown in the equation

ternal influences: the weather neighbouring African states for during the coming cropping lost South African sales, which season, the state of the world in 1985 accounted for about 10 per cent of total exports. South Africa would also folding of the sanctions cam-paign against South Africa. Good rains are needed during the next six months merely to suffer, primarily from the loss of its export market and divi-dend and interest income from

fairer

system'

The aritimetic is, hewever, complicated by the removal of sales tax, which was levied at wholesale level, and the fact that many businesses and sheps have taken the opportunity to increase retail prices, hoping the blame for this will be attributed to GST and the Government.

For retailers, October 1

and the Government.

For retailers, October 1 marked the end of a month-long pre-Christmas type of spending spree in which millions of dellars poured over shop counters. Credit card companies estimate that spending by card holders was up 25 per cent in September.

The Government estimated the 10 per cent GST will add 5 per cent to New Zealand's inflation—pushing it back to about 15 per cent. To compensate for this, it has reduced income tax.

However, the biggest tax

tax

its Zimbabwean investments. But economic confrontation would seem destined to escalate beyond these relatively modest levels. This could have far-reaching effects on the entire sub-continent, damaging Zim-babwe's economy both directly and indirectly

and indirectly.

Meanwhile, there continues to
be an urgent need to tackle a
crucial short-run problem; the crucial short-run problem: the burgeoning budget deficit of more than Z\$1hn, estimated at 12 per cent of GDP in 1986-87.

In part again, this is linked to the South African crisis, since military expenditure has had to be increased to defend against anticipated incursions by South Africa and to protect the rail line and oil pipeline through neighbouring Mozambique.

But the budget deficit also has its roots in a more worrying problem, that of rapidly ing problem, that of rapidly escalating education expendi

ture, a looming unemployment problem and a fast-growing domestic debt-service burden. Unemployment was estimated at 12 per cent two years ago and is now close to 15 per cent. The unknown in the equation is how South Africa would retaliate. If it merely matches Zimbabwe's measures and locked Zimbabwe's foreign trade that uses its railways and ports to continue, then the damage to the Zimbabwe ecoonmy would be significant but far from catastrophic. In this situation, which manage to dary education will average

reduced income tax.

However, the biggest tax cat—from 57 cents in the NZ dellar to 49 cents in the dellar has been given to the higher paid, with smaller tax cuts applying to those on middle incomes who make up

middle incomes who make up
the bulk of tax payers.
In New Zealand, the only
items which will not carry
GST are rents, land sales and
private houses.
The Government deferred
the introduction of GST for
six months when it lost a byelection at Timare last year

— a seat held by Labour for

election at Timaru last year
—a seat held by Labour for
more tham 50 years. Part of
the blame for this was attributed to public concern at
the proposed GST.

Wholesalers and middlemen in the production and
marketing chain will pay
GST as they buy any particular product but will they
for product but will they
they sell. Only the final constance or buyer will not
obtain a refund.

MOROCCO'S NEW PREMIER **NZ** begins Laraki takes over

at critical time

BY FRANCIS GHILES

MR AZZEDINE LARAKI, WOO NEW ZRALAND yesterday entered what Prime Minister Hassan, takes up his post at a time when the Kingdom is engaged in delicate negotiations with the International Monetary David Lange described as a "new fairer tax system" with the introduction of the Goods and Services Tax—its version of Value Added Tax—fine Fund for a new standby loan.

The SDR 200m (£120m) standby credit extended to the of Value Added Tax—the removal of sales tax on most commodities, and the introduction of wide-ranging tax and welfare benefits.

Many of the public and small businesses are still confused at the application of GST which is a flat 10 per cent tax on every stage of a transaction or service.

The arithmetic is, however, complicated by the removal Kingdom just over a year ago
was suspended last February
after SDR 10m only had been
drawn.
To fell into compliance with
the IMF, Morocco would have to

the lar, moreces would have used in clear up its external arrears (trade credits alone account for arrears estimated at \$170m (£118m)), keep a tight lid on credit to the government, reduce the budget deficit and the basic foodstuffs subsidy allocation. Morocco has successfully rescheduled its official debt through the Chub of Paris but is

rescheduled his unual technical through the Club of Paris but is still negotiating with its international bank creditors about the rescheduling of its hank debt for 1985-86.

It has been paying interest regularly but the long-drawn-out nature of the talks have upset many bankers.

Morocco's foreign debt stands at about \$4bn. Debt repayments this year will cost \$2.1bn and Morocco can count on \$1.7bn-worth of relief.

The budget deficit was trimmed last year by two percentage points to 6.1 per cent of Gross Domestic Product but that figure was achieved only if one discounts the Dirham \$9bn in arrears on domestic

slowly cut.

 τ

Mr Azzedine Laraki

ever, being implemented. The liberalisation of trade is pro-ceeding space and the monopoly on exports of fruit and vege tables of the Office de Commer

The introduction of VAT is going ahead, an essential reform in a country where most wholesalers and many medium size factories escape tax-

The new Prime Minister who has been caretaker Prime Minister for over a year because of Gross Domestic Product but Minister for over a year because that figure was achieved only of the poor health of his predecessor, Mr Mohammed Karim Lamrani, is a much respected Minister of Education. He will sidies meanwhile are heing slowly cut. A number of reforms wished on the Moroccans by the IMF and the World Bank are, how-

Syria's Christian ally vows to seize E. Beirut

MR ELIE HOBEIKA, the custed there will be another date and an-Christian militia chief, vowed yes-other attempt," he told reporters at terday to try again to seize control a hotel in Syrian-controlled east of East Beirut, after his forces were Lebanon. defeated in a weekend battle that

and head of the main Christian mi-litia, the Lebanese Forces, until he from Mr Samir Geagea, his anti-was toppled in savage East Beirut Syrian successor. fighting last January, also called for a special relationship between Lebanon and Syria.

It was the first major ground assault by militiamen across the battlefront since it was stabilised

Mr Hobeika's Christian rebels killed at least 33 people. Reuter re-ports from Zahle, Lebanan. thrust into East Beirut from the mainly-Moslem west across the Mr Hobeika, a close ally of Syria city's Green Line divide last Satur-

We could not achieve our goal in shortly after civil war erupted in the September 27 operation, but 1975.

Opera tour is logistical feat

Japan by Britain's Royal Opera is been surprised by Japanese compe-one of the greatest logistical tence and attention to detail. Apart from the demanding sched-

performers and staff and 250 tonnes of equipment being shunted be-tween four venues in three cities for ty of halls for rehearsals, perfor-18 performances of four operas. The tour involves a total of 90 different movements in and out of airports. This could only be made to work

Apart from the demanding sched- ras and Agnes Baltsa. more and more deserved.

The month-long tour, which continues until October 11, involves 400 ule, the tour is unusually complicated because Japan has no operations or any hall that could be held for the whole tour as a home base.

mances and technical work. The only place the company fully shares is a hotel in suburban To-kyo, carefully chosen not for its beauty or charm but for its openable windows – to help preserve the in Japan," Mr Tom Macarthur, the opera's technical director, said. He

A CLAIM that the current tour of and the rest of the opera's staff had vocal equipment of singers such as Japan by Britain's Royal Opera is been surprised by Japanese compe- Dame Kiri Te Kanawa, Cynthia

Turandot, Carmen, Samson et Dali-la and Cosi Fan Tutte seem to have been a great success. All perfor-mances have been sold out, despite ferociously high ticket prices ranging up to £125 (\$180) each.

Aquino rejects call to free Communist leader

PRESIDENT Corazon Aquino of the Philippines yesterday faity rejected a demand by the leftist coalition National Democratic Front (NDF) for the release of the captured leader of the Communist Party of the Philippines, Mr Rodolfo Salas.

Mr Salas was arrested by security agents on Monday while about to undergo medical treatment in Manila,

Mrs Aquino's decision, reached after convening the last February.

National Security Council, virtually dashed hopes of reviving the failed negotiations for a ceasefire with the Communist New People's Army.

Instead, Mr Salas, who succeeded Mr Jose Maria Sison as party chairman after Mr Sison's arrest in 1977, will be tried on was among more than 500 political prisoners freed by Mrs Aquino after she took power last February.

WORLD TRADE NEWS

Greece in joint effort with Israel computer to boost tourism

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE and Israel have can tourist trade in Greece came agreed to co-operate in attracting tourists from the US to the jacking of a TWA jet flying two countries. Many American from Athens to Rome led Washtravellers have stayed away from the Mediterranean in the past two years for fear of ter-rorist attacks.

The agreement, announced in Athens this week, was reached during a visit to Israel last month by a Greek delegation headed by Mr Costas Kyrlazis, president of the National president of the National Tourist Organisation of Greece

(NTOG).
Under the agreement the Greeks and the Israel Tourist Organisation are to set up joint tourist programmes for the 1987 season. featuring season, featuring com-visits to Greece and and possibly to addi-destinations such as Cyprus and Egypt.
They will also launch joint

publicity and promotion cam-paigns in the US with the par-ticipation of Olympic Airways and El-Al, the Greek and Israeli national air carriers.

Representatives of the Greek

FOR THE DISABLED MEN & WOMEN OF ALL THREE

The Royal Star & Garter

ington to issue a travel advisory notice lasting several weeks against using Athens Airport. According to NTOG figures, Greece lost \$106m in revenue because of a resulting 20 per cent slump in US tourist

arrivals. Figures so far this year show that American arrivals have fallen by a further 60 per cent. The cruise sector, which accounts for about 45 per cent of Greece's tourist revenue, and large hotels in Athens have large hotels in Athens have been particularly hard hit.

The agreement has a political dimension as well as an economic one. Greece's relations with Israel hit a low in 1981 when the pro-Palestine Libera-tion Organisation Greek Socialist Party came to power.

For the past year and a half, however, Athens has been seeking to improve the climate through co-operation in areas such as tourism, agriculture and Representatives of the such as tourism, agriculture and and Israeli tourist industry will carry out training visits to the culture and exchanges of visits on the level of Foreign Ministry US. On the level of the Ameri-

Aid finalised for Indian purchase

By John Elliott in New Delhi

A FINANCIAL aid package totalling \$27m has been finalised in Washington to cover the inital costs of a contract won by Control Data Corporation of the US to set up India's first mainframe computer manufacturing plant with the Government-

plant with the Government-owned Electronics Corporation of India (ECIL).

The package includes a \$7m grant from the US Agency for International Development and a \$20m 10-year loan at 7.4 per cent from the Export-Import Bank of the US.

This is the first sale financed

Bank of the US.
This is the first sale financed by the aid agency in conjunction with the bank under a mixed credit programme introduced by the Trade and Development Enhancement Act. It clinched the order for Control Data against its main rival, Bull of France.

Mr Peter Mcpherson, administrator of the aid agency, and Mr P. K. Kaul, India's ambassador to the US, signed the financial agreement in Washing-ton this week,

transfer programme which is expected to produce 400 to 600 Cyber 830 and 810 main-frame computers in India within five to seven years. US officials estimate that pur-

the uses to which the computers would be put, ruling out nuclear weapon development.

The financial agreement has been signed at a time when the US and India are increasing their co-operation in electronics and defence ventures. The US has cleared several advanced computer sales to India in recomputer sales to India in re-cent months and General Electric has received a letter of intent for the purchase of ten F-404 aero engines for use in the development of India's proposed light combat aircraft. Mr Caspar Weinberger, US Defence Secretary, is expected to discuss these and other con-

the price collapse.

ton this week.

The \$27m will cover the cost of the first phase of the import of manufacturing equipment, components and technology know-how for a technology the programme which is

US officials estimate that purchases from the US could amount to as much as \$500m, although this will depend on the rate at which local manufacturing is built up by ECIL at its Hyderahad Headquarters Control Data was chosen by India nearly a year ago, but the contract has been delayed while the Indian Government gave the US assurances about gave the US assurances about the uses to which the computers

tracts when he visits India later this month.

Tony Walker in Cairo on production-sharing arrangements with foreign companies

Egyptian oil exploration under pressure

sharply curtailed by the price

Foreign oil company representatives say, however, that Egypt is moving too slowly towards establishing a new formula based on a sliding scale determined by the world market. They predict that unless revised arrangements activity in Egypt next year. Mr Saleh Hafez, vice-chairman of the state-owned Egyp-tian General Petroleum Corporation, said in an interview that the new sliding scale would be introduced soon in an attempt to ensure that oil explorers maintain a reasonable

level of activity in Egypt.

Mr Hafez, who is responsible for exploration within EGPC, said there had been a reduction of about 25 per cent in oil exploration in Egypt following

Foreign oil company representatives are also increasingly foreign partner.

EGPC and the remainder to the sentatives are also increasingly foreign partner.

Critical of EGPC's pricing Mr Hafez said Egypt was preparing to start production Hamm policies which lag well behind anxious to show that it was from new Western Desert be company to the market. They cite the "dynamic" in recognising fields 400 km north-west of year.

EGYPT IS reviewing its oil pro-duction sharing arrangements increased prices after there with foreign companies in an was a brief sport in the market effort to encourage new which soon subsided. exploration, which has been Before that EGPC's prices

Before that EGPC's prices had been realistic and production in the early part of September shot up to 940,000 barrels a day (about 500,000 is for domestic consumption). It is believed to have slumped again to below 800,000 b/d.

"They really have a problem market. They predict that unless revised arrangements in the way they set prices," said an oil company representative. are announced soon there will be a hiatus in exploration setivity in Egypt next year. about 60 cents a barrel) they've got it wrong again."

Egypt is negotiating several agreements with companies granted provisional exploration leases. Britoil of the UK, which has a lease in the Western Desert, is understood to be discussing with FCDC new Desert, is understood to be sharing arrangements coincides discussing with EGPC new with quickening interest in profit - sharing arrangements prospects in the little explored based on a sliding scale above and below \$18 a barrel.

Most foreign oil companies in Egypt receive 40 per cent of time to be an important oil profit of the control of the cont ann below at a parret.

Most foreign oil companies in
Egypt receive 40 per cent of
production in cost recovery. Of
the rest, 75-80 per cent goes to

realities of the impact of the Cairo on the northern edge of prices slump on exploration. He what is known as the Qattara also noted, however, that Egypt Depression.

remained attractive to oil Other foreign oil explorers explorers because of its are showing interest in the region, including British Petro-

Egypt's review of production-

Phillips, Conoco and Texas

leum at the head of a con-sortium comprising Broken Hill Proprietary of Australia and Idemitsu, the Japanese oil trading company which successon a concession fully bid adjacent to one of Conoco's blocks.

According to Mr Hafez, a new 167 km pipeline connecting Denison's Meleiha field to a loading facility on the coast at Hamra, west of Alexandria, will be completed by the condens be completed by the end of the

Conoco and Phillips are building spurs from their fields to the main Meleiha to Hamra 16in diameter pipeline. Conoco says production from its Khalda Salam Fields and two smaller deposits might range between 30,000 - 50,000 b/d.

Denison may have production of some 20,000 b/d from its Melelha field and Phillips of the order of 10,000-15,000 from its Umbarka deposit.

These estimates, which are based on a limited drilling pro-gramme, indicate that the Western Desert might soon account for more than 10 per cent of Egypt's oil production which last year averaged 876,591 b/d. The Western Desert could in The Western Desert could in time zival Egypt's main Gulf of Suez fields, which account for most of present production. Mr Hafez said the potential oil province had revealed some of its geological secrets, but explorers had barely scratched the

suzface. "It's very attractive for in vestors because of the fact it's an oil province," he said, " with an on grovince," me seed, "wrust low onshore costs of production (about \$5 per harrel) and not far from existing facilities." Western Desert finds are being made in cretaceous and jurassic rock from 6,000 to 10,000 feet.

Indonesia seeks improved defence contract terms

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA is setting its sights on improved terms for several British Aerospace's Rapier land-defence contracts in the face to-dir missiles signed last year of this year's 50 per cent fall would not be affected. in the capital Jakarta say government officials are seeking to reschedule payments on the \$337m contract for 12 F-16 advanced fighters, recently signed with General Dynamics of the US.

A \$60m deal for four Leander class Vanspeijk frigates signed with the Netherlands in February is also said to be under

This follows a recent state-ment by General Poniman, Indo-tion with nesta's Defence Minister, that PT Pal. nesta's Defence Minister, that some military procurements would have to be renegotiated.

"Orders for which contracts have been signed will not be affected, but those for which we have no commitment will be Tribal frigates for Indonesia, reviewed," he told Indonesia's faces stiff competition from Dutch and German shipyards.

Figure 7. Figure 7. Finding 1. Findi

SUNDS DEFIBRATOR. He added that an order fo

However, with defence spend-ing set to fall next year from the current \$337m in line with overall budget outs competition

UK defence sales to Indone were last year worth \$120m. Apart from the Rapier deal, Britain is also out to win the key design contract for the new generation of Indonesian frigates, to be built in conjunc-tion with the state-run shippard

Sweden wins forest product plant orders By Sara Webb in Stockholm

wholly-owned subsidiary Svenska Cellulosa, the Sw forest products group, has re-ceived two orders worth a total of SKr 135m (\$19.6m) from and Australia.

The Greek forestry products co-operative Pindos has placed an order for the construction of a factory, and the delivery and installation of equipment.

The order is worth about SKr 90m and the factory will be the first of its kind in Greece, using least handwards. Greece, using local hardwoods to produce about 40,000 cu m of fibreboard a year. Produc-tion is due to start in the summer of 1988. The Australian forestry com

T Pal.

pany Anfor has ordered a fibreboard factory complete with chip siles and equipment

Canada makes compromise in lumber dispute with US

diately.

Ms Carney said the offer inunspecified amount. The US House of Representatives on companies have complained that Tuesday as members called for stumpage fees in Canada are more open trade between the artificially low and amount to a

CANADA has made a compromise offer in the lumber pricing dispute with the US to head off threatened countervailing action by the American lumber industry, Reuter reports from Ottawa.

Canadian softwood lumber exports to the US." She said the offer was not negotiable and was conditional on withdrawal of the countervailing action by th

industry sources expect Canada to impose some form of export levy on its lumber shipments to appease the US lumber companies troubled by cheap Canadian imports.

Mr Michael Wilson, the Canadian Finance Minister, was to raise the plan in talks with Mr James Baker, the US Treasury Secretary. Mr Wilson said he expected the US to drop the countervailing duty suit immediately.

the US lumber industry the US Commerce Department is to rue next week on the countervail application. The industry is seeking duties of up to 38 per cent on Canadian softwood lumber shipments worth \$3hm yearing worth \$3hm yearing to protect one of Canada's largest employers, the forest industry, from continuing harassment from American producers," Ms Carney said.

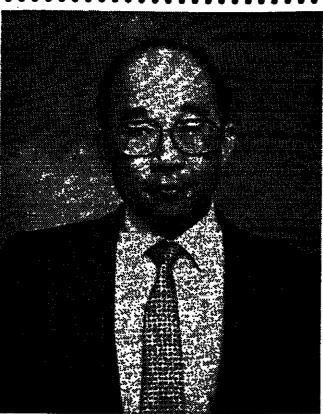
 A resolution urging President cluded raising stumpage fees Reagan to persuade Japan to charged to Canadian companies lower its tariff on imported to harvest forest lands by an chocolate was approved by the chocolate was approved by the

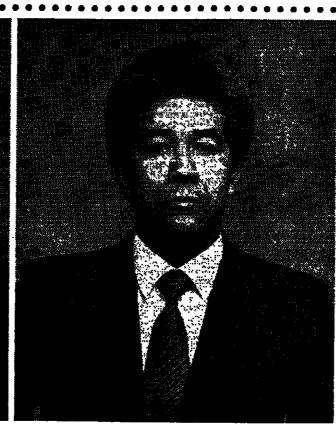


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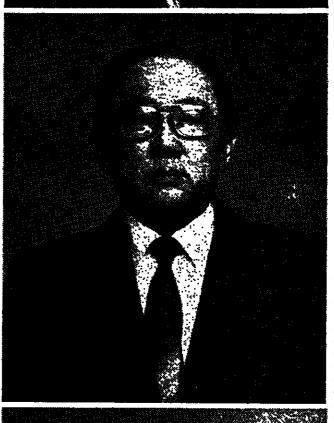


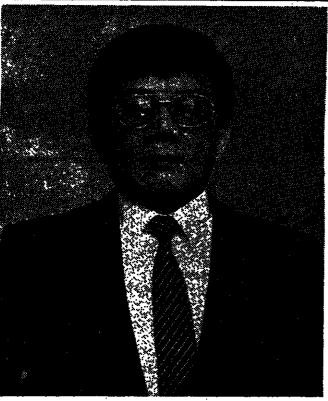




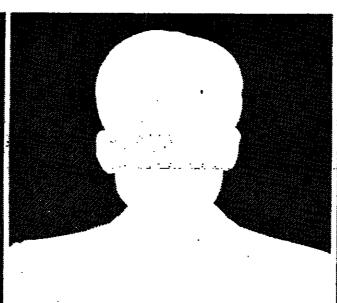


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creating an excellent reputation."

A caveorite your armie lange Aplice arrorg the rades of older established althres we from the han

point B or three continents and also allowing them to make the night course tions to further destinations. That also means

better where our secure care certified, Building up a full work

our passengers to move from

UK NEWS

GOVERNMENT PREPARES MAIL SHOT TO 16M HOMES

Gas flotation aimed at customers

THE BRITISH Government's cambut not both. The Government is summarised yesterday by Mr Alt paign to persuade the public to submaking no special provision for constribe to the forthcoming sale of habiting persons. Mr Tony Alt, distribution for consider this month with the long the Government on the issue, all event of its kind ever seen."

(written by a computer) will be sent out from Sir Denis Rooke, British Gas chairman, outlining the special These are:

• The option of a £10 rebate on gas bills for every 100 shares purchased at the flotation and held for three years. The alternative, available to shareholders as possible the Gov-all subscribers will be 10 bonus ernment will set the minimum inyears. The maximum rebate will be £200 (\$289). The upper limit for bonus shares has yet to be fixed.

A guaranteed minimum allocaC250 when British Telecom was
Cased Payment will be in at least

nected to the gas mains. This can be The mood of optimism which the Labour Party's threats used either by a husband or wife Government is trying to create was lising the corporation.

higher gear this month with the largest direct mail campaign ever undertaken in Britain.

Some 16m "personalised" letters would be entitled to benefit. When they have done so, the name of the beneficiary must be registered with the new British Gas Share Informa-

tion Office before November 14.

Registered consumers will also receive special preference in the allocation of shares in excess of the guaranteed £250 worth in the event In an effort to attract as many

vestment stake at no more than £150 for 100 British Gas Shares. This compares with a minimum of £250 when British Telecom was tion of £250 worth of shares will be two instalments, though the num-available for each "household" con-ber has not yet been amounced.

He said the share offer had been especially designed to be simple, attractive and easily available to all small investors as well as to the big-

ment hopes to create interest will be to foster the belief that the shares will be sold at a discount so that subscribers can expect to see a quick profit.

Mr Alt hinted at this when he said he could be confident that the issue would be a success because "we will take the market condition: into account when fixing the price."

He said the large amount of interest shown by the 70,000 to 80,000 encessful flotation. He said enquirers did not seem to be deterred by the Labour Party's threats of renationa-

The 90,000 British Gas employees will be able to take advantage of the special privileges offered to gas consumers as well as receiving free shares worth an average of about

€110 each. Mr Alt refused to comment on the likely costs of the flotation, the costs of the special benefits to customers, or on the likely value of the

The next phase of the Govern ment's publicity campaign will be centred on advertisements seeking to give information about the offer, following the initial advertising campaign intended merely to create

During the summer 16 "road shows" have presentations to about 3,000 people in financial institu-tions, brokers and other professionals. The "pathfinder" prospectus which will give general details of the offer is due to be published at the end of this month. This will be followed by the full prospectus late next month for flotation at the end of November to early December.

Ban expected on Libyan airline

departments concerned - the Foreign Office, the Home Office and Arab Air the Department of Transport - ai- activity." According to evidence given at the interior ministry anounced. The trab terrorist in London last week.

After the trial at which Rasmi a contact arriving on a flight from January 1, 1987. ter the 25-year jail sentence on an Arab terrorist in London last week.

THE CABINET is today expected to Awad, a 43-year-old Jordanian doc-endorse a recommendation by se-nior ministers to ben Libyan Arab Abu Nidal group, was found guilty containing four high explosive gre-Airlines (LAA) flights to Britain.

The recommendation was adopted yesterday by ministers from the Arab Airlines in terrorist-related

No British airline currently flies

• British nationals visiting Pakistan will have to obtain a prior visa.

OBITUARY

Lord Kaldor: Labour's economic adviser

LORD KALDOR, economic adviser to the Labour governments in the 1960s and early 1970s and one of the

age of 78, George Graham writes. Nicholas Kaldor, emeritus profes sor of economics at Cambridge University, came to prominence as an adviser on taxation policy in Britain

and overseas.

He remained until recently an unofficial adviser to Mr Neil Kinnock, leader of the Labour Party, and one of the most persistent cri-tics of Mrs Margaret Thatcher's

Born in Budapest in 1908, Lord Kaldor graduated from the London taught there until 1947. He became a fellow of Kings College, Cambridge, in 1949.

Among the leading post-Keyne sian economists, his early theoretical contributions to economic thought centred on growth and dis-tribution theory. His "Essays in Val-ue and Distribution" remain influ-

an expenditure tax, he became an adviser on tax reform to a series of countries, including India, Ceylon, Mexico, Ghana, British Guiana, Turkey, Iran and Venezuela.

His advice brought fierce and of-ten violent opposition, but he remained unrepentant. "In retrospect," he wrote 20 year ago, I do not think the advice I gave was wrong. In most underdeveloped countries, where extreme poverty co-exists with great in-

equality in wealth and consumption, progressive taxation is, in the end, the only alternative to com-plete expropriation through vio-lence and revolution." As taxation adviser to three

Chancellors of the Exchequer – Mr James Callaghan, Mr Roy Jenkins ters to the press.



and Mr Denis Healey - Lord Kaldor remained a fertile deviser of new schemes. Often viewed as an odd-ball, he was still likely to produce

Designed to control wage inflation without curbing economic growth, it sought to tax the service sector while subsidising employ-ment in the manufacturing sector, and he defended it ferociously

More popular with industry were stock appreciation relief and the regional employment premium which he is credited with devising. 1974. Lord Kaldor became in the early 1980s a leader of the attack on Mrs Thatcher's economic policies with his book "The Scourge of

five or 10 good ideas a day.

Selective Employment Tax, "the most abused but also the chemest new tax ever invented," as the New Statesman described it in 1971, was

He was created a life peer in Monetarism" and a barrage of let-

New-look drug stores

BY CHRISTOPHER PARKES

win 20% of market

THE NEW breed of drug stores which started to move into UK retailing about 10 years ago has captured almost 20 per cent of the marand other consumer goods tradi-tionally sold by chemists, according supermarket operations indicate to a report just published by Verdict the azzival of a formidable new

rose by only 50 per cent.

Turnover in the newcomers' out-

Led by Superdrug, which now has more than 250 shops, the drug-store business has attracted many imitators, and direct competition between the various chains is emerging.

Superdrug, expanding out of the south east of England, is the only company with a national network of will enable it to hold its own against

Verdict says that the recent acquisition of Medicare by the Dee Corporation will intensify head-on npetition between drug stores "Dee's financial strength ... and the power in the market," it claims.

This is not necessarily bad news lets increased by 200 per cent in the for drug stores because the format first five years of the 1980s, it says, may well thrive on more outlets and while chemists' sales, excluding Namore promotion. For chemists the tional Health Service prescriptions, outlook is less attractive."

Apart from Boots and Underwoods, the report says, most multiple chemists cannot compete with the drug stores on price. They often lack the aggressive retail skills of

While the sheer size of Boots, which has more than 1,000 stores

Renault reviews future of truck unit

RENAULT VEHICULES Indus triels (RVI), the commercial vehicle subsidiary of the state-owned French group, is reconsidering the future of its UK truckmaking subsidiary which employs 1,300 at Dun-stable, Bedfordshire, in the light of its continuing losses, Kenneth

its continuing losses, Kenneth Gooding writes.

Mr Philippe Gras, president of RVI, said yesterday that "closure is an extreme option" but would not rule it out entirely.

The RVI factory, which produces Dodge and Renault vehicles, is

across the road from the General Motors Bedford plant where medi-um and heavy truck output will cease by the end of this year and 750 jobs will be lost.

Mr Gras pointed out RVI invested about £100m in the UK subsidiary, Renault Truck Industries (RTI), to buy the shares and to cover losses since 1981, but it remained the only one of the group's subsidiaries which was not moving towards financial break-even in spite of the tremendous efforts made to pull it

company's Dodge truck products were getting old, but RVI was not able to replace them fast enough with new Renault vehicles - partiplarly as those new trucks must have a high UK content to appeal to greater part of RTTs customer base.

T BRITAIN'S union, the Amalgamated Engineer ing Union (AEU), is set to sign a new single-union agreement with a high-technology company. Dunlop, the rubber company, has

told local officials of the AEU that it intends to recognise the engineering union alone at its new Tyneside plant in north east England which is due by the end of next year to beufacturing cable for offshore oil rigs. Work on the £10m plant's construction is due to begin next week.

The company's indication of in-tent to reach a single-union deal is a further indication of the growing trend of companies establishing deal with only one union.

☐ BUILDING societies are in danger of pricing themselves out of the mortgage market, Mr Michael Bridgeman, Chief Registrar of Friendly Societies said in his annu-

al report.
It must be doubtful, whether, in the long-term, societies can afford to have rates offered to investors and charged to borrowers running above market rates, to the extent to which they have in the past, if they are not to lose out to their competitors," he said.

☐ BRITANNIC Assurance and the West Bromwich Building Society have agreed to sell each other's products in what is believed to be the first deal of its kind between a building society and an insurance

company. Britannic's field staff will channel mortgage business to West Brom-wich. Britannic will also open building society agencies at 62 of its of-fices, at which policy-holders will be able to open savings accounts and withdraw cash. In return, West Bromwich will channel an increasing amount of insurance business to Britannic

☐ SEAMEN yesterday voted to continue their occupation of the four Sealink UK ferries affected by the company's plan to rationalise its loss making Channel Island ser-vices with the loss of nearly 500 jobs. It is likely that the occupations which are disrupting ferry services to Guernsey will last at least till the end of the week.

O SLUMP in numbers of American Verdict on Chemists and Drug-stores, £325. Verdict Research, 54 Britton Street, London ECIM SNA. parison with July 1985.

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Moscow, Rio de Janeiro, Tokyo, Toronto.
Subsidiarles: Luxembourg, BFA Paris, BKA Zurich. IN A delicate balancing act Labour leaders sought to resolve their di-

lemma over energy policy by mak-ing it clear that it will be well into the next century before a promise

to phase out the use of nuclear pow-

out operation being a "decades long process" was stressed from the plat-form by Mr Eddie Haigh, of the

Transport and General Workers"

He produced this timescale - the

And the second s

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Such a head-on confrontation between the old guard of British politics and the sharp end of new technology serves to underline the exdomain of dog cared filing cards are catching up with the age of the

All the major political parties are parties can now set themselves up at least agreed that improved inforwith basic hardware for around mation systems will play an in-creasingly crucial role in determin-ing the outcome of election con-porter. The non-profit making tests, and the race is on to see off group will then sell software pack-

the competition.

The Social Democratic Party-Liberal Alliance claims to have made ages to local organisations, for £5 each, enabling them to operate systems which can, for example, helping advances in introducing computer to improve turnout on election day. eral Alliance claims to have made big advances in introducing computers, to the extent that the Conservatives, who have had a few setbacks with the implementation of their own systems, are accused of having made fiendish attempts to steal the enemies' clothing.

Labour used computers to good effect in the London Fulham byelection and, for the second year running, the party has been able to produce detailed read-outs of the

votes being cast. Labour's attempt to break down resistance to computerisation and improve the effeiciency and impact of its grass-roots organisation is being masterminded by its computer ties have an interest in getting this advisory group, which was set up four years ago by Mr David Hughes, the party's national agent.

This is a tripartite issue: All parties have an interest in getting this sort of confusion sorted out. In an age of computers, this sort of information should be made available in

Labour Party in Blackpool

power can be phased out

er can be fully implemented,
The inevitability of the phasingout operation being a "decades-long
to it, was approved by just under a
two-thirds majority - 4,213,000 to

2,143,000.
This resolution implied that the phasing out of nuclear power should be completed within the lifetime of the next Labour Governrey element in what many del- ment and before the debate started egates obviously regarded as a "fact the NEC made it clear that this ing both ways" formula – in replying on behalf of the national exact.

Neil Kinnock, the Labour leader,

tive committee, to the stormiest de-base of the conference so far in An emergency r which Mr Arthur Scargill, the controversial president of the National Union of Mineworkers, was a central figure.

acau ms colleagues.

An emergency resolution sponsored by the electricians union – the EETPU – sought to align the party with the policy of the Trades Union of Ameworkers, was a central figure.

To the relief of the leadership, an NEC policy statement undertaking to reduce Britain's dependence on nuclear power as part of a co-ordinated and planned energy policy was approved by the two-thirds majority — 4,509,000 to 1,846,600—needed to virtually ensure its inclusion in the party's election programme.

the nuclear power stations could be A composite resolution moved by absorbed into new employment dur-Mr Scargill, who flatly refused to ing the course of the de-commis-accept the reservations which the sioning process and in the new gen-

eration of power stations - mainly coal-fired - which would take their

Blundy rejecting the reservations expressed by the NEC, he insisted that the thermal oxide reprocessing plant now being constructed at Sel-lafield in north-west England was as unwanted as the two Advanced Gas-cooled Reactor nuclear stations now under construction at Torness in eastern Scotland and Heysham

Mr Eric Hammond, leader of the electricians' union, sailed through the heckling which marked his arrival at the rostrum and called on delegates to back the rational ap-proach to nuclear power adopted by

the TUC.

He annoyed left-wingers by recalling that the Soviet Union, despite the disaster at Chernobyl, had
already decided to further expand
its nuclear power industry

Mr Hammond scornfully dismissed the assurances given by Mr
Scargill about the protection which
would be afforded to workers in the

nuclear power industry who lost

Mr Ron Todd, general secretary of the Transport and General Workers' Union, advocated the acceptance of the reservations expressed by the national executive about the

for motor industry

THE LABOUR Party yesterday launched a campaign to reverse the decision by General Motors (GM) of the US to cease truck and bus manufacture in the UK and to prevent cuts in the operations of the Rover Group, fermerly BL.

The campaign was announced in Blackpool yesterday by Mr John Smith, the party's trade and industry spokesman, accompan-ied by Labour candidates for the several marginal constituencies with motor industry interests.

Mr South stressed the urgency of the campaign in the light of the recent announcement by GM and the major review of the Bover Group's operations by Mr am Day, its new chairman.

Austin Rover in the middle range Mr Robinson stressed the need

for Austin Rover to retain con-trol of high-technology processes He supported the continued alliance with the Japanese group Honda but maintained that it

Campaign Brandt criticises idea of joint European nuclear deterrent

BY TOM LYNCH

THE proposal by the Social Demo-cratic Party-Liberal Alliance leader-ship for a joint European nuclear deterrent was implicitly criticised yesterday by Mr Willy Brandt, the former West German Chancellor, when he called for a "new phase of intent."

In a fraternal address to the con-ference, he said: "We do need a real European pillar to the Atlantic Alli-ance, but this should be a piller for common security, not a pretext for a new twist to the nuclear arms

Mr Brandt wished success to President Reagan and Mr Gorba-chev in their forthcoming meeting but said that whatever the outcome of the superpower summits, Euro-peans would have to make "serious peace-preserving efforts of our own." He said Europeans should be included in negotiations affecting

He called for a successful outcome from the Mutual Balanced Force Reduction talks in Vienna, and end to all chemical weapons, an urged: "Life must be breathed into the idea of a nuclear weapon free

zone in Europe.' Mr Brandt was given a standing ovation after his speech in which he said he did not wish to interfere in British politics, but spoke warmly of past links between European socialists and the Labour Party.



Willy Brandt: new

cessful British Labour policy for many reasons. One is the new phase of the talks we want to bring about ost politik on a higher level that great aim of the breakthrough

towards disarmament." Calling for a new concept of security," he said: "It is my conviction, the sum of a rather eventful life, that there won't be peace without a European system of common security, and there won't be a European system of common security without

constructive role. We need a new kind of co-operation and we need it urgently in an increasingly danger-

ey spent on wespons could be redirected to fight world hunger.

He urged the Labour Party to hold to its visions of reform in the face of neo-conservatism and neo-

The time is not far off when the 5,205,000 to 1,222,000. grotesque charade of conservatism will vanish. The weakness of the ervative offensive was and still is that its champions promise to a majority what only a minority will

We should make good use of this weakness by stressing that women and men in the Lebour and socialist movement are for widening the individual opportunities and free-doms of which others love to talk.

"History tells us that social dea minority. Greater personal freedoms remain a hollow phrase if only a minority gets the benefit of it as long as the so-called "free play" makes for an uneven distribution of must be rejected.

but rather the wheel on which prog-ress can move." would not fundamentally combat the question of racism

Sections for blacks rejected

BLACK DELEGATES suffered anous world."

Other heavy defeat when they remewed their attempt to establish
their own distinctive place in the

On a card vote, a composite reso-lution calling for the formal establishment of "black sections" with the same constitutional rights as the women's sections and the

There was a still more crushing defeat - 5,191,000 to 620,000 - for a further motion seeking to end the role of the party's black and Asian advisory committee.

Loading the demands for recognition of the unofficial black sections" already inexistence, Ms Pearl Boyce from Newham North West tested that black people were seriously under-represented at all lev-

els in the party. "History tells us that social de-cline and degradation were too high a price to be paid for a good life for a minority Greater nersonal free-to the debate on behalf of the na-

He said the welfare state was not Ms Curran maintained that the a brake on the wheels of progress establishment of black sections

Old guard switches on to computers

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

PERHAPS one of the more unlikely porters around the country who volsightings this week in the precincts unteer their services to work along-of Blackpool's Winter Gardens has side Labour's full-time officers in been that of Mr Ian Mikardo, the reteran left-wing MP for Bow and among Labour activists. Mr Andrew Hudson, a member of Poplar in London, trying to come to terms with the latest in computerthe group, says that the prospect of

ised election management systems. an early general election has served to concentrate the minds of party supporters on the benefits of even limited computerised support. So far the group has around two do tent to which local and national par-ty organisations - for so long the to spread the word but it wants many more in place by the time the Mr Hughes emphasises that local

They can also ensure updated mem-bership lists and offer electronic

One of the most common uses is in the computerised storage of electoral lists, which are now available Representation of the People Act. running, the party has been able to produce detailed read-outs of the computer advisory group, that National Executive Committee election results within hours of the representation of the People Act. The trouble is, according to the computer advisory group, that councils make the information available in about 150 different for-

work before it can be utilised. Enter Mr Mikardo with a plan to come to the aid of new technology.

He added: "Europe needs a suca British Government playing a ress can move." WHOSE INTERESTS ARE THE CITY'S NEW **ALLIANCES REALLY DEFENDING?**

Are they simply preparing to repel the foreign invaders from their hallowed square

An invasion that some might see as a threat to their highly successful trade.)

Or are the new alliances actually going to offer clients something more than their own survival as a reason for staying with them?

Amidst the many reports of new office blocks, high technology and even higher salaries, it's sometimes hard to see just what benefits the customer will gain from

Big Bang. So who will really gain from the new look City? Of course, it's not just the banks.

We're defending the influence, strength, stability and future development of one of the world's most important financial

market places. But we're not just defending it for ourselves.

It's in the interests of everyone that the City continues to be one of the world's most successful financial

The Government, for example, will soon have a bigger, more active market place for its debt. Industry will be able to raise

finance at tiner margins in a more

competitive environment. Large investors will benefit from the abolition of fixed commissions, and the globalisation of the City's

activities. And the small investor will soon benefit too, from developments like

Barclayshare. (A new share dealing service through Barclays branches, which will provide easier access to The Stock Market for small investors.)

At Barclays de Zoete Wedd we've put together one of the most formidable new investment banking operations. As part of the Barclays

Bank Group we are backed by total assets of over £65 billion, offices in 70 countries and a name which is already familiar all over the world.

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BARCLAYS de ZOETE WEDD

THE INVESTMENT BANKING ARM OF THE BARCLAYS GROUP

The group consists of party sup- a uniform manner. No immunity for professional bodies

THE Government has decided against granting immunity to those professional bodies of accountants. solicitors and other groups that will be regulating the investment advi-sory activities of their members under the Financial Services Bill.

However, on a variety of other issues in the Bill, the Government has accepted the proposals made by the Securities and Investments in May, the Government decided Board (SIB), the proposed City of to grant the SROs an immunity London regulatory overseer, and from being sued for negligence eithvarious industry lobbyists over the er by their members or by the in-Mr Michael Howard, the Corpo-

ter, announced yesterday that a total of 350 amendments had been der the bill, such as the Law Society tabled to the Bill which is to be deand the accountancy organisations bated by the House of Lords in mid-October.

argued that their responsibilities in regulating their members would be

The amendments cover the following points: ● A central fund is to be set up to compensate investors if an investment firm becomes insolvent. All the self-regulatory organisations (SROs) will be obliged to participate and contribute towards the fund which will be administered by the

ly incidental investment advice as part of their financing activities will be exempted from the provisions of

ience of market manipulation, which were less well-regulated

tracts has been revised to take ac count of the criticisms of banks and other operators in the commodity, financial futures, currency and bul-lion markets that claimed that the

In May, the Government decided vesting public who may have lost money with a firm as a result of mr michael rigward, the corporate and Consumer Affairs Minister aurograced vesterday that a tothe same as those of the SROs, and therefore they should enjoy the same immunities. However the Government believes that such activities are only a small and incidental part of their main responsibil-

The most controversial change is the introduction of a central com-pensation hand, which has been strongly urged by the SIB over the last six months. The stock ex-• The corporate treasurers of m-dustrial companies and other non-change, which has a well-establish investment businesses who give on- ed compensation fund of its own yesterday published a letter of pro-

test that it has sent to Mr Howard. The letter says that, so a result of the proposal, an SRO which effec • Stock Exchange and internation— al securities firms will be given an prevented insolvencies would be exemption from the criminal of-compelled to cross-subsidise SROs



Britain twelfth in Euro shop spending league

ably in the UK, Sweden and Italy."

The guide advises employers to adopt "employment equity pro-grammes" and shows them how to

recruit and promote on merit, how to monitor religious affiliation and

what action to take if an imbalance

It acknowledges there is a view

that keeping records of religion is morally wrong, and even unlawfully

discriminatory, but it says that neither is the case if records are

used to monitor how effective an

anti-discrimination programme is.

There remains considerable spec

ulation about the future of Mr Tre

vor Taylor, Austin Rover's director

Mr Taylor now reports to Mr

Chris Woodwark, who has joined Austin Rover as commercial direc-

Ulster call to check

religion of employees

THE GOVERNMENT yesterday told employers in Northern Ireland that they should ask the religion of their workers if discrimination in employment was to be stamped out.

The whole issue of asking a person's religion and keeping records of Protestants and Catholics on the navroll is a highly sensitive one in

Further Rover changes likely

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

yesterday that while no invaled of sales and marketing, who re-planned "management changes are turned from holiday on Monday to evolutionary, so there could be more in the next few months."

fore they can match the extravag-

where per capita retail sales were \$3,390, according to a survey of international retailing by Euromonitor, a London market research company. Britain trailed twelfth in the European league with \$1,820 - a European league with \$1,680 - a little above Cyprus and only \$211

above the Soviet Union.

The bald figures may be decep-The bald figures may be tive. A general pattern to emerge from the study shows that retail sales tend to fall as affinence insumer demand

payroll is a highly sensitive one in

Ulster. The Northern Ireland Office

last month proposed tougher legis-lation to deal with discrimination

which would give it the power to withhold grants from companies which do not comply with the rules.

It is now arguing that monitoring of the religious make-up of labour

forces is necessary if employers are to be sure that they offer equal op-

MR GRAHAM DAY, chairman of

the state-owned Rover Group, said

vesterday that while no further

Board changes last week resulted

EUROPEANS WILL have to dig ment, eating out, travel and other real growth in 1963 and 1984 and However, it also shows that this the Italian market is expanding acce of the average US citizen, who spent \$5,543 in the shops in 1984.

The best challenge Europe could offer came from Luxembourg, where per capita retail sales were certain countries where a short place is strongly. UK sales have performed well since 1983. But some other major markets are showing signs of maturity. West Germany, for example, is still below 1980 levels in real certain countries where a short-term retail boom has occurred, not-

> Euromonitor concludes that, discounting the effects of price infla-tion, retail sales performance in Europe has been poor in the early part of the 1980s. "In most countries, sales fell below 1980 levels in the period to 1983, a patiern partly at-tributable to the general economic recession in force at the time ..."

terms, the report notes.

If German sales remain depressed France could overtake Lux-embourg by the end of the decade and emerge as the leading market in Europe and fourth in the world in terms of per capita sales, it adds

Retail Trade International Volume 1 (Europe) and Volume 2 (Res of the World). L180 each. Buromoni tor Publications, 87–83 Turnmil Street, London EC1M 5QU.

Coal loss may rise to £300m this year

By Ian Hamilton Fazey, Northern Corresponden

BRITISH COAL is likely to lose up to £300m this year because it has had to renegotiate its prices downwards as a result of the fall anymwarus as a result of the fall in all prices. The industry has, therefore, been given an extra year by the Government to reach breakeven. The target is now 1988-89.

This was disclosed yeste This was enscaosed yesteracy by Sir Robert Haslam, British Coal chairman, during a pit visit in Lancashire. Losses in 1985-86 were only 550m and British Coal had been hoping to do no worse this were

this year.

Sir Robert said that lower prices had enabled production volumes to be kept up. Had the negotiations failed, half of the industry would have had to be shut nediately.

The loss of revenue over the whole year amounts to £400m at whole year amounts to £490m at the old prices - 9.5 per cent short of budget. British Coal had hoped to sell about 185m tonnes at an average price of £40 a tonne. By keeping the volume, but at an average price nearer £36 a tonne, British Coal will have enough output to make its current £650m investment programme worthwhile. This is aimed at reducing costs in the medium and longer terms.

Sty Robert said that loss of co-

Sir Robert said that loss of capacity, whether through lost or-ders or industrial action, would make investment unworthwhile. which the industry could not re-cover. It needed to have enough coal faces operational which were suitable for the modern gy and techniques that would bring about the greatest productivity gains.

All but £169m of the reduction in revenue arises from renego-tiated contracts with the Central Electricity Generating Board. The cement industry is also a main beneficiary of lower prices, Sir Robert said.

Cost-cutting and productivity drives are now under way to prevent the drop in revenue knock-ing on to the bottom line in its entirety. Without these, losses might rise to £450m. Sir Rebert hopes that they will be contained below £300m.

He emphasised that overtime bans in force in the South Wales and Durham coalfields would not help. "There is a great deal of competitive foreign coal avail-able and the world is awash with cheap oil. We have to make sure we can keep our customers sup-plied. We must not falter because of even limited industrial action. The National Union of Mine workers might well say: 'He would say that anyway,' but

NOTICE TO HOLDERS OF NIPPON KOGAKU K.K Nippon Kogaku Kogyo Kabushiki Kaisha)

5%% U.S. Dollar Convertible Debentures Due March 31, 1992 Pursuant to Section 3.04(I) of the Fiscal Agency Agreement dated as of February 23, 1982 under which the above-mentioned Debentures were issued, notice is hereby given as follows:

notice is hereby given as follows:

1. The Company has made a free distribution of shares of its Common Stock to shareholders of record as of September 30, 1986 in Japan (September 29 in New York City), at the rate of 0.15 new share for each share held.

2. The free distribution will become effective on November 20, 1986, but the dividends for these new shares will accrue as from October 1, 1986 in Japan (September 30 in New York City).

Debentures may be converted into shares of Common Stock of the Company has been adjusted as of October 1, 1936 (Japan time) from Yen 463.00 per share of Common Stock to Yen 402.60 per share

HIPPON MOCARI K.K. By: The Bank of Tokyo Trust Company

Dated: October 2, 1986

New openings for arbitration

By A. H. HERMANN, Legal Correspondent

judges back from their holidays into the High Court in the Strand to start the new legal year. To amuse the public the judges put on their ancient and resplendent robes and full-bottomed wigs. Carnival is part of many ethnic cultures, and there is nothing wrong if the judges dress up, so long as there is nothing wrong if the judges dress up, so long as they remember that, as Justice Oliver Wendell Holmes, the great US judge, said: "It is revolting if rules, the grounds for which vanished a long time ago, simply persist from blind imitation of the past."

Sometimes, it seems to me, neither the judges nor the legal profession as a whole remember this piece of wisdom. But some recently acquired US wisdom does seem to penetrate, in spite of the wigs.

The US system of obligatory

The US system of obligatory arbitration of claims up to \$20,000—described in this column on August 28—appears to be finding followers in the UK. The building trade, shipping, commodity and insurance have, of course, their old-established. lished arbitration arrangements but very little, if anything, has been done so far for the arbi-tration of civil, as distinct from commercial, disputes. This con-cerns mainly private claims out clt is revolting. of accidents, malpractice by doctors and lawyers, and landlord and tenant disputes.

Over the past few months there have also been a number of indications that lawyers are at last realising that they have priced themselves out of the market. First, a concilio-arbitrations of the price of a primary expense. tion service" of a private group of arbitrators and barristers has offered cheaper and faster dis-pute resolution than the highly formalised commercial arbitra-

Association announced an arbitration service for accidents and malpractice disputest. Barris-ters and retired judges are ready to act as arbitrators and apparently willing to do so faster and at less costs than they are used to in courts.

Last week, in another consultative papert produced by the Lord Chancellor's review of civil procedure, opinions were invited on improving the small claims procedure and extending the limit from £500 to £1,000 while introducing a new system of judicial arbitration for claims between £1,000 and £5,000. Though the consultative docu-

There is no need to ponder this proposal till January. It is immediately obvious that a system relying on judges and registrars will not relieve the courts of their overload as much courts of their overload as much maintain balance of the courts of their overload as much maintain balance of the courts of their overload as much maintain balance of the courts of their overload as much maintain balance of the courts of their overload as much maintain balance of the courts of their overload as much maintain balance of the courts of their overload as much maintain the courts of the cou experts as arbitrators.

Indeed, what the Lord Chancellor's Committee suggests is not a real arbitration but a back-door simplification of court procedure for claims up to £5,000. The dangers of this are evident from the analysis the Iranian arbitrators assaulted the Swedish Judge Mangard and threatened to kill him in an attempt to bring the operation of the tribunal to an end.

The tribunal, an offshoot of the Algier's Declaration, is heavily marked by the weakness

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would expect. Indeed, they take between 16 and 36 weeks as a rule to decide, and some even take over a year. There are also great variations be-tween various courts in the handling of small claims.

The consultative document now proposes that the procedure should not only be extended to claims up to £1,000 but also streamlined. Registrars should undertake training so that these claims are dealt with uniformly in all courts and, one would home faster. It is inwould hope, faster. It is in-tended to teach the registrars tended to teach the registrars a more active approach, fixing the time for the hearing without waiting for the parties to say they are ready, and possibly also displaying some initiative in relation to evidence. In accordance with the prevailing accordance with the prevailing prejudice, the document calls this a "more inquisitorial"

The fact that 45,000 cases were brought under the small claims system last year, two-

if rules ... simply persist from blind imitation of the past?

thirds of them by private indi-viduals or small businessmen, indicates that there is a great need for such a system. But both the small claims system and the proposed arbitration could be much more useful if they were freed completely from the time-consuming habits of courts and of the legal profession. The robes and wigs seem to make lawyers believe that what is ancient is also

Desperate for a success story amid all the gloom of courts amid all the gloom of courts and lawyers, I came across an optimistic report on the present state of the US-Iran Claims Tribunal. It is by Mr John A. Westberg, who has a special reason to be happy; his Washington law firm, Wald, Harkrader & Ross, has a lucrative business representing US claimants before The Hague tribunal. However, even incurment refers to US experience, claimants before The Hague it proposes a different system: tribunal. However, even incurwhich the Lord Chance that the arbitration tribunal, invites views by the end of born out of the Tehran hostage January 1987 would provide crisis, not only survived its arbitration by county court infancy and has so far awarded US parties over \$525m, but con-

as a system using lawyers, \$500m. That indicates how much accountants, surveyors and other has changed since 1984 when the Iranian arbitrators assaulted

YESTERDAY, as always at this time of the year, the Lord High Chancellor led a procession of judges back from their holldays into the High Court in the Strand to start the new legal year. To amuse the public the judges put on their ancient and exclusive competence was agreed in a contract. The Iranian side has made full use of this while at the same time submitting to the tribunal counter-claims in other disputes with US companies and claims against the US Government, of which the biggest is for \$10.9bn over armament contracts.

over armament contracts.

It is, therefore, understandable that after taking overfrom Mr Carter, the Reagan administration was urged, as soon as the hostages departed from Tehran, to renounce the Algerian agreement because it was extracted under duress. However, the US Government decided to abide by it and its decision was upheld by the Supreme Court.

The full tribunal, consisting of nine arbitrators, three US. three Iranian and three neutral. three Iranian and three neutral, deals with fundamental legal issues and governmental claims, but private claims are assigned to one of the three chambers, each with a neutral chairman. The two Swedish and one French neutrals—the Swedish and one president has now been replaced by a German international lawyer—bent over backwards to cajole the Iranians who were totally unco-operative whenever an award to the US party was on the cards.

In spite of these unpropitious beginnings, the tribunal sur-vived and accelerated its work. vived and accelerated its work. In its first 2½ years, by August 1984, the tribunal decided 65 cases. It also confirmed 70 settlements, enabling payment to be made out of the revolving fund. In the two years there it has decided 121 since then, it has decided 121 more cases and confirmed 119

Negotiated settlements, confirmed by "consent awards," account for about 75 per cent of the \$525m paid out so far. It is a welcome novelty that the Hague arbitration tribunal, though much more an "official" institution than privately appointed arbitrators, did net turn its back on conciliation. On the contrary, it has encouraged negotiated settlements and made available to the parties its facilities in the Hague, and its translators. This is an important lesson for UK arbitrators and commercial lawyers who tend to view conciliation as incompatible with arbitra-tion. Adopting the adversarial while in the US attorneys act as arbitrators (for very moderate fees), the scheme on must be incur
while in the US attorneys act able sceptics, deriving no beneas arbitrators (for very fit from the tribunal's business, costly and more time-consumas arbitrators (for very fit from the tribunal's business, costly and more time-consum-moderate fees), the scheme on must be impressed by the fact ing, but also highly inappropriate for the maintenance of friendly business relations between the parties.

Perhaps there is some inspiratrying to attract international arbitration to London but also for the Lord Chancellor's review of civil procedure of the

Concilio-Arbitration Ltd., 197-199 City Rd., London EC1V 1JH. See also Rowland Williams, Concilio-Arbitra-tion, 1988, The Law Society Gazette, page 1,633.

† Chairman of the essociation Creswell, QC 11 South Gray's Inn. London, WC1.

the County Court, Lord Chancellor's



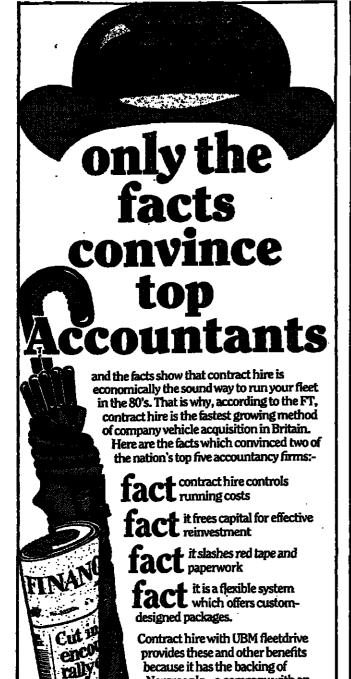
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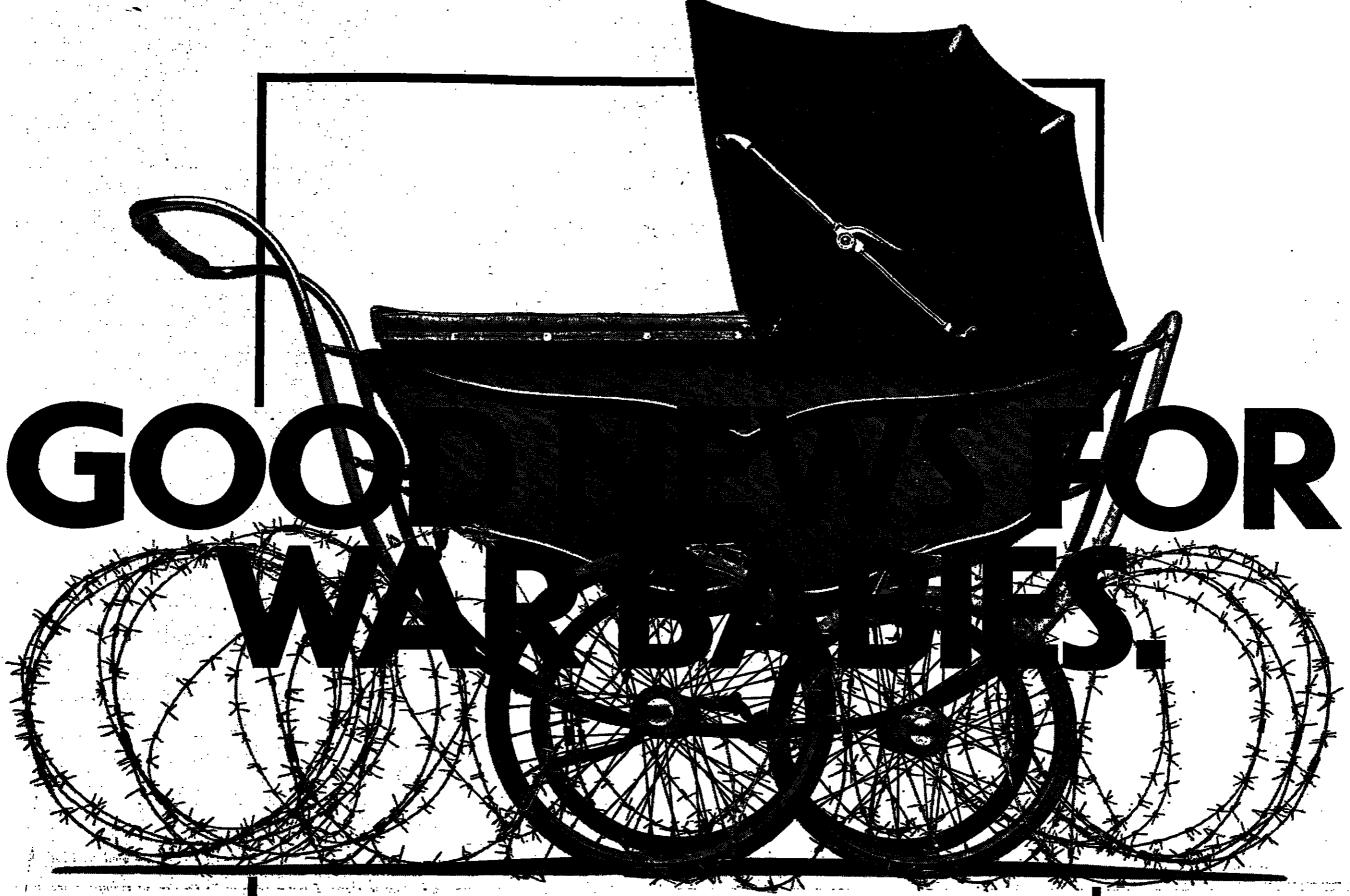
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TECHNOLOGY

BUILDING IN THE CITY OF LONDON

Fast track to big savings and quick earnings potential

By Jane Rippeteau

WITH Big Bang coming, and expansion rampant in capital markets, corporate finance and other businesses, the American financial concern Shearson Lehman Brothers could not wait from the property of the party Landon. four years for its new London building. And it didn't have to. It can thank a newly-imported build-it-quick technique called "fast-tracking."

"fast-tracking."

Developed some dozen years ago in the US as a way to cut costs, the concept calls for starting construction before design is complete. There are horror stories of missing staircases, out-of-line lift sharts and such. But, when it does work right fast-tracking can mean huge savings and earlier rentals for owners, speedler turnover for designers and builders, and earlier occupancy for tenants.

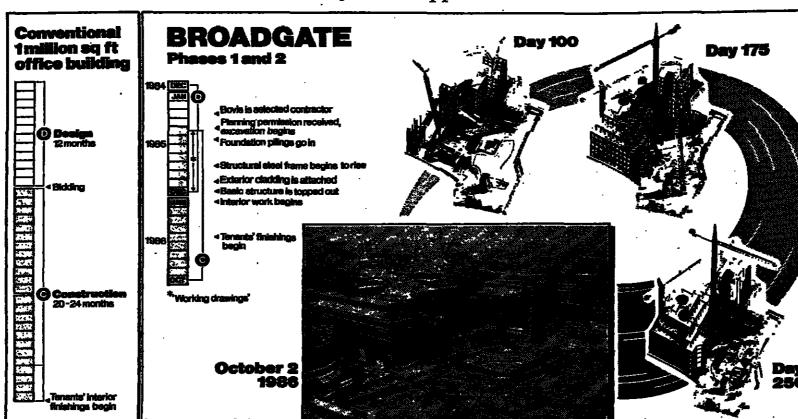
"Fast-tracking is an absolute "Fast-tracking is an absolute

ransformation in the speed and the way construction of buildings is approached," says Peter Foggo, a principal at Arup Associates which with its sister firm Ove Arup & Partners is among Britain's top architectural and engineering communications. among Britain's top architec-tural and engineering companies with projects worldwide. "The Big Bang," he adds, "has put a rocket behind it here."

a rocket beamd it neet.

The incentive for owners to build fast can be dramatic. Take Broadgate, the prestigious multi-building office compound at the northern edge of the City

Although Peter Rogers, con-Although Peter Rogers, construction director at Broadgate developer Rosehaugh Stanhope Developments, cautions "it is difficult to play with the figures," he says that the project's methods saved about £40 per sq ft off the usual £120 per sq ft construction costs for such a project, and that rents (for the first buildings) of £28 per sq ft for half a million sq ft of space will be received a year early.



work, "the speed achieved is out of all proportion to anything done in the UK before. It was more than twice as fast as it would have taken four or five Shearson's new building

with tenants able to start their interiors within 15 months. But at Broadgate, with just 12 made a big mistake."

Traditionally, design of a, construction and interior fitting work, "the speed achieved is a start of the product of

drawings—which detail how to build it—are not.

The key at that stage is to know enough about a project's overall shape, size and materials to start digging the hole it will rest in and drill the foundations it will stand on. To do that, "you don't have to know what the doorknobs look like," says Frederick A. Rehkopf of Lehrer-McGovern, a US construction management firm, which is advising on fast-track techniques for a 17-building apartment complex in London, called Chelsea Harbour.

Grant Tanada to my people forget productivity levels you've ever achieved before?—Is Macpherson of Bovi grid and loads, and the was ordered. By September foundations were in and steel started up. Outside shearson's new buildings of \$28 per series ago."

That is some \$20m saved on construction and \$15m in income received, con parvatively. And it does not take into account the huge avings in interest costs of finance the construction for another year, which Rogers declined to quantify.

Such financial advantages, amplified by market demand for space, is financial advantages, amplified by market demand for space, is financial advantages, according to Rogers of Rogers amplified by market demand for space, is fulling a fast-tracking boom, centred mains of the London office building areas. For go says the concept was also practised on the 300,000-sq ff Finsbury Avenue project which his firm handled,

The speedy performance on Broadgate stems not just from "fast-track," but from "fast-build," says Ian Macpherson, director and manager of the project for builders Bovis Construction. He relied heavily on such advanced, prefabricated systems as toilet units, weighing 10 tons, that arrived on site fully made and that were slid into position on air-supported carts. For the exterior, storeyhigh panels complets with windows, aluminium and granite facing were manufactured off site and hoisted into place in just half an hour each, he says. "The change I've had to make is to change British satistudes," he says. "Clients have gotten fed up with the traditional way of slow, costly construction that doesn't address modern needs. I said to my people, 'Forget productivity levels you've ever achieved in the past."

A level of co-operation not seen before is needed to puil

off fast-tracking successfully, those involved say. Macpherson points out that his team would meet regularly with the designers to check that what they were designing could be understood by workers on site and could be built easily so on-site difficulties were reduced. "The worst place to solve problems is on a construction site," he notes.

Architects also face the limitation of not being able to change their design substantially. "All things begin equal," concedes Kohn, "you'd prefer to complete the drawings, bld it, and then build. You could set the design."

A lot can go wrong—cost

A lot can go wrong—cost overruns, for one. Notes Kohn:
"No contractor will give you a lump-sum bid for a project whose design is not complete. You theoretically could pay more." Savings potential also wanes in times of low interest rates and minimal inflation in construction costs—as in the US rates and minimal innation in construction costs—as in the US now. Macpherson of Bovis does see an upsurge in steel prices but says construction costs have not yet risen because the indus-try was so depressed before the

Other misadventures, such as Other misadventures, such as labour strikes, delivery delays or delivery of the wrong goods can also bite heavily into time savings—or force unwanted compromises. Kohn recalls a recent project of his own for which a supplier delivered from Italy the wrong granite. "You wind up saying, Tt's not that bad. We can't wait for the proper stuff, Let's use it.' That happens a lot," he says

Financial gain is not the only inspiration, proponents insist, John Bennett, a professor of construction management at

of construction management at the University of Reading, believes the adoption of fast-tracking will reverse Britain's reputation for "building slowly reputation for "building slowly and more expensively," with important consequences for attracting overseas business.

"We can now compete effectively," he says. "A major Japanese company looking to move to Europe six years ago might have considered building in Britain more expensive and

in Britain more expensive and slower than elsewhere. That's no longer the case." He sees the concept growing not just in London, but "spilling out elsewhere, at least along the M4 corridor."

tivity levels you've ever so impressive. The Empire achieved in the past."

A level of co-operation not seen before is needed to pull in some 18 months.

Ford manage quality with Husky

Japanese alloy shapes up to bright future

By Geoffrey Charlish METAL fibres called Bolfur, have been developed by Unitiks in Japan. They are made from a blend of iron and cobait alloys and have a strong resistance to corrosion. Likely to be used in precision Likely to be used in precision springs in engineering, the material is also being assessed by sporting goods makers for golf club shafts and fishing rods. The metal always returns to its original shape after bending under stress.

Annual sales of Y5bn (US\$32.5m) within five years are expected by the company.

Wired for a higher workload

COMPUTER-AIDED design of wiring systems for electrical control equipment is being used at the Paisley, UK factory of Lounsdale Electric.

The time to produce the designs and drawings has been halved so that existing staff have been the to take on a bigger worklead. Lounsdale is using a Series 4006 CAD system from Applicou-MSDI in Stockport (061-429 7227).

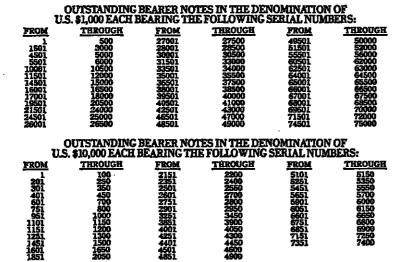
722?). Automatic wire identification has cut out the tedious task of having to refer to manuals to establish the connecting pin numbers of parts before marking each wire. The system is also being used, The system is also being used, with appropriate mechanical CAD software, to key out power station designs involving cable routing, steelwork and other details. Modifications which took two or three hours of manual work can now be completed in 15 minutes.

NOTICE OF REDEMPTION

THE PROCTER & GAMBLE COMPANY

Extendible Notes Due December 15, 1994

NOTICE IS HEREBY GIVEN that, pursuant to paragraph 7(c) of the Terms and Conditions of the Notes described above (the "Notes") the Company has elected to and shall redeem on October 15, 1986 (the "Redemption Date") U.S. \$52,000,000 aggregate principal amount of Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), plus accrued interest from December 15, 1985 to the Redemption Date in the amount of \$90.63 for each \$1,000 principal amount of Notes. The serial numbers of the Bearer Notes selected for redemption are as follows:



The Notes shall become due and payable on the Redemption Date at the Redemption Price, plus accrued interest, which shall be paid upon presentation and surrender of the Notes, together with all coupons thereto appertaining maturing after the Redemption Date, at the paying agents

The Notes to be redeemed will no longer be outstanding on and after the Redemption Date, interest on the Notes will cease to accrue from and after the Redemption Date, the coupons for such interest shall be void, and the sole right of a Note holder shall be to receive the redemption price plus interest accrued on such Note to the Redemption Date.

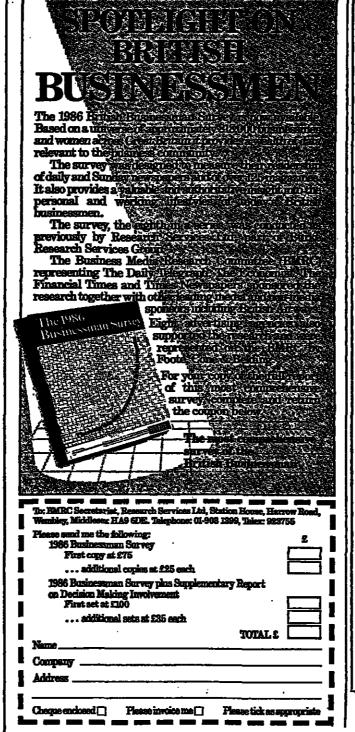
Payments at the office of any paying agent will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in Europe. Following this redemption, U.S. \$13,000,000 aggregate principal amount of Notes will remain outstanding.

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> THE PROCTER & GAMBLE COMPANY By: Morgan Guaranty Trust Company GFNEW YORK, Fiscal and Poying Agent

Dated: September 15, 1986

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Company Notices



AECI Limited

(Registration No. 04/02590/06)

(Incorporated in the Republic of South Africa)

Notice to Preference: Shareholders Dividend No. 97

Notice is hereby given that on 4 September 1986 the Directors of AECI Limited declared a dividend at the rate of 5.5 per cent per annum for the six months ending 15 December 1986 payable on that date to holders of preference shares registered in the books of the Company at the close of business on 24 October 1986. The dividend is declared in United Kingdom currency, and cheques in payment will be posted from the offices of the transfer secretaries in South Africa and the United Kingdom on 12 December 1986.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 17 November 1986. Any change of address or dividend instruction involving a change in the office of payment, if intended to apply to this dividend, must be received on or before 24 October 1986 and members must, where necessary, have obtained the approval of the South African Exchange Control Authorities and, if applicable, the approval of any other Exchange Control Authorities having jurisdiction in respect of such changes. Changes of address or dividend instructions to apply to this dividend which do not involve a change in the office of payment must be received not later than 2 November 1986.

In terms of the Republic of South Africa Income Tax Act 1962 (as amended) dividends payable to persons not ordinarily resident nor carrying on business in the Republic or to companies not registered nor carrying on business in the Republic are subject to deduction in respect of non-resident shareholders tax at the rate of 13.7025 per cent.

With regard to cheques despatched from the United Kingdom office, United Kingdom income tax, at the basic rate less, where applicable, the appropriate double tax relief, will be deducted from the dividends paid except in cases where the holder's address and the address to which the dividend is sent are both outside the United Kingdom and in cases (if any) where the company has received from the Inspector of Foreign Dividends in Great Britain a certificate excempting the dividend from United Kingdom income tax.

The transfer books and registers of members in Johannesburg and the United Kingdom will be closed from 25 October 1986 to 7 November 1986 both days inclusive.

By order of the Board

Johannesbusg J M DOODS Secretary

Transfer secretaries: Consolidated Share Registrars Limited 40 Commissioner Street, Johannesburg, and Hill Samuel Registrars Ltd 6 Greencoat Place London SWIP IPL England

TDK CORPORATION

(CDRs)

The undersigned announces that as from 24th September 1985 at Kes-Associatie N.V., Spuistrast 172, Amsterdam, div.cp.no. 24 (eccompanied by an "Affidavit") of the CDRs TDK Corporation will be psyable with Dfls 25.18 net per CDR, repr. 100 abs. and with Dfls 25.190 net per CDR, repr. 1,000 abs. and with Dfls 25.91.85; gross Yen 20.- p.sh.) after deduction of 15% Japanesse tax—Yen 3,000.—Dfls 4.48 per CDR, repr. 100 abs. Yen 3,000.—Dfls 4.48 per CDR, repr. 100 abs. Without an Affidavit 20% Jap.tax—Yen 400.—Dfls 5.97 per CDR, repr. 1,000 shs. Yen 4,000.—Dfls 5.97 per CDR, repr. 1,000 shs. Without an Affidavit 20% Jap.tax—Yen 4,000.—Dfls 5.970 per CDR, repr. 1,000 shs. Will be deducted. After 12.31.1985 will be deducted. After 12.31.1985 the div. will only he peid under deduction of 20% Jap. tax with resp. Dfls 23.65; Dfls 23.65.01 net CDR, repr. resp. 100 and 1,000 shs. each, in accordance with the Japanesse tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS
(EDR's) in
NIPPON SHEET GLASS CO., LTD. NOTICE IS HEREBY GIVEN that a cash dividend will be gald to shareholders of record date September 30, Furthermore, it has 1986.
Furthermore, it has been declared that the shares will be traded or dividend on the Japanese Stod Exchanges with effect from September 26, 1986. dividend on the Japanese dividend on the Japanese Changes with effect from September 2 countries. Subject to approved of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of parment of such dividend together with the raccedure to Decoupe the Countries parment. Collection of this dividend. L. London, CITISANK, N.A., London, CITISANK, N.A., London,

B.A.I.I. FINANCE COMPANY N.Y. US\$50,900,000

Floating Rate Notes 1983-1991 The rate of interest applicable to the interest period from 30 September 1986 up to 31 March 1987 as determined by the reference agent is 6% per cent per annum na US\$159.57 per note US\$5,000.

CHEMICAL NEW YORK CORP. US\$300,000,000 FLOATING RATE SENIOR NOTES DUE 1999

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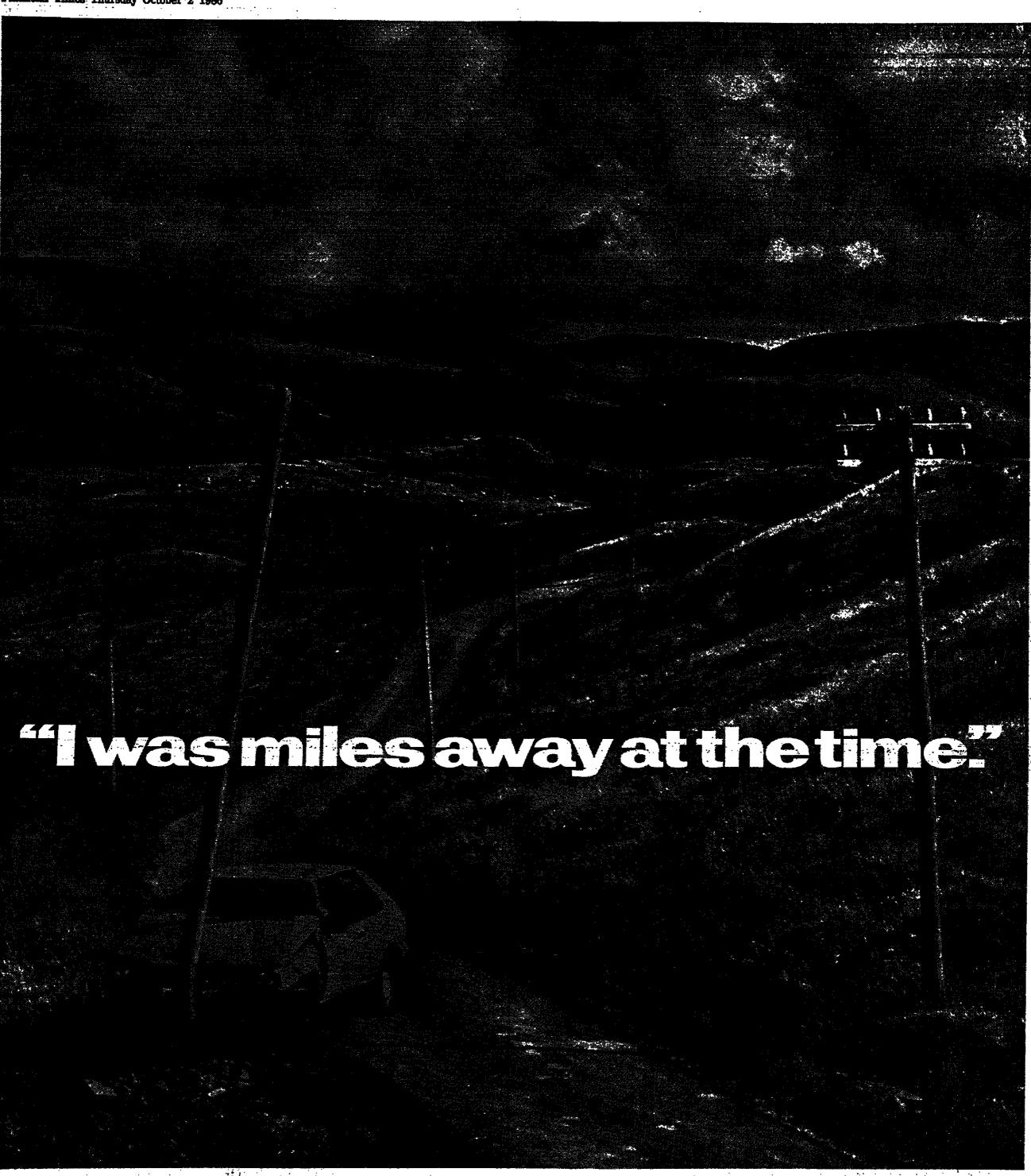
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Of the rest, the lion's share goes to enable the Department of Transport to broaden the scope of its Advertising programme.

Next year, we'll be revealing even more far-reaching plans. In the meantime, whenever you're driving, please remember to mind your head. Don't let it slip into neutral.

General

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SO THE Saatchis are mortal after all. As they face their sternest test yet in an inhos-pitable climate of disgruntled clients, disparaging press comment (especially in the US) and a slithering share price (from an adjusted high point of £8.57 to £5.80) the question is, what is the problem?

After building the world's After building the world's largest advertising agency group in 16 short years, impressing people with fleet footwork and a daring approach, there was little this controversial company seemed unable to achieve. Since it served notice in 1980 of its ambition to top the world in marketing services, it has been a benchmark against which other companies are measured. other companies are measured.
For the moment, however, the
agency which has done much to
change the way the world—and
not least the financial community—views advertising seems to have hit a turbulent

imminent review of corporate structure and of musical chairs at senior management level at Saatchi & Saatchi Compton, the London agency, Hay MSL, the management consultancy group, as well as at Ted Bates in the US. This only serves to fuel the bush telegraph in the fami-liar absence of direct Saatchi

Indeed, in the absence of direct comment by the Saatchi brothers, it falls to others in the industry to suggest where any difficulties may be.

"We're being treated like a bunch of footballers on transfer lists," says one American ad-vertising director.

More serious is the perceived shattering of the bond of confidence required in the agency-client relationship where strategic commercial information is shared. Seatchis' image was not helped by a recent report that shared. Saatchis' image was not helped by a recent report that its prospectus for the Bates purchase infiated Bates billings by 45 per cent. "That sort of thing doesn't help the authenticity of our business," says Julian Clopet, chairman of Ogilvy & Mather, Canada and a member of the O&M international board.

"Saatchis' deviation from a basically successful financial strategy by putting the money up-front for Bates has become a major problem," says Clopet. "We now see an awful lot of internal turmoil at Bates because the transfer of the same and the same are the same as a same as

The Saatchis hit a pocket of turbulence

BY FEONA McEWAN

third iglobal leg.

So have the brothers Saatchi after a major merger is inevitived to their unwieldy empire? Has the renowned merger clients which have chessboard over which group architect Charles Saatchi pores every lunchtime, grown too cumbersome? Or is this a temporary hiccough, a self-generating ill wind that ultimately blows itself out? Certainly the past 18 months has been galloping, with some 16 acquisitions after a major merger is inevitively after a major merger clients which have shown themselves to be unhappy include the bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major international spenders like Procter & Gamble, bluest of chips, major

worldwide.
Ted Bates, the \$3.1bn agency a major problem," says Clopet.
"We now see air awful lot of internal turmoil at Bates because the incentives are no longer there for senior management," he adds.

At the same time some rival agencies believe the Saatchis of the deal intended after more than 18 months' negotiation, is at the core of the current troubles. At the time, Saatchis' policy of having competing autonomous networks around the world—this became its third—was thought to be one adventure of the deal intended.

A degree of client fall-out

Natisco and Colgate headed for the door, though some say they were already on the way out. More recently, P&G and Gen-eral Foods have withdrawn hefty slices of business. And yet over-all, considering the gains made

Interpublic blazed the trail global (with particular several years ago and the newly-formed Omnicom group (with America and Scandinavia) and its BBDO and its Doyle Dane since it was declining in the Bernbach/Needham Harper net. US and wanted resources to exworks) is said to be seeking a pand, it needed a buyer and the seeking a pand, it needed a buyer tailout deal coming as it did hard or deal coming and deal coming an deal, coming as it did hard on the heels of a period of frenetic

acquisition, is a contention that the top management is working hard to dispel. What is clear is that there is some rationalisa-tion on the cards especially involving the US agencies of which the company now has more than eight. Besides clients' worries, there was management strife at Bates too. The recent ousting of chair-man and chief executive officer

Robert Jacoby, shows the Saatchis uncharacteristically taking the whip hand with a subsidiary. The normal pattern of their acquisitions has been to apply strict financial controls controlly and then leave cause the incentives are no longer there for senior management," he adds.

At the same time some rival agencies believe the Saatchis might be spending too much time on their own business and too little on their clients.

Saatchi is not alone in pursuing a three-legged network.

Tent troubles. At the time, Saatchis policy of having competing autonomous networks around the world—this became its third—was thought to be one agencies believe the Saatchis around the world—this became its third—was thought to be one advantage of the deal, intended no reduce potential client continues.

More important, Ted Bates was an extremely profitable company. It was also genuinely ings of £7.5bn," says Mark Shep—merger, which reputedly made

him richer than either of the brothers, Jacoby summarily rearranged his boardroom, demoting Don Zuckert, New York president, and Larry Light, the in closest to the Mars busi-

This did not go down well with Mars and the tremor was felt in Charlotte Street, in London. Next thing was that Jacoby was toppled and Zuckert and Light crowned. Light is said to regard clients as his own.

regard clients as his own.

The implications of pushing Light into the dark were clear to London. The shockwaves ricocheted across the Atlantic unsettling longstanding clients. Rowntree Mackintosh, for one, wants a denial a public denial to rumours that its £10m is to be resigned in deference to Mars.

"Yes," says David Lamb, Rowntree's UK advertising manager, "we are aware of the rumours and in fact are asking Saatchi what's going on and we're looking at the whole position. We're waiting to hear." Rowntree has been a client of the Garland wing of Saatchi for 50 years.

50 years.
One group keeping an open mind is the financial community which on both sides of the Atlantic maintains its belief in which on both sides of the Atlantic maintains its belief in the brothers' ability to triumph. The falling share price and Press comment is largely over-reaction, was the comment of Greg Ostroff, of Goldman Sachs. "I don't think the management is taking this lying down," says Emmy Hill of Wertheim, another New York analyst. "In fact I think they're handling it rather well." A number of analysts have not changed their forecast at all. "We have budgeted for \$100m loss of billings in 1980-87 and we're not changing that," says Ostroff in New York. "Historically the earnings per share growth has been 38 per cent a year," says Neil Blackley, analyst with James Capel, in London, "but 18 to 20 per cent is fairly respectable." Now the watching world awaits the outcome of the review. Smart money is on integration, probably office by office and in good time, over perhaps a two-year period. They will

and in good time, over perhaps a two-year period. They will want to let the dust settle, glue the clients to their seats and then weld them together by the

of inevitability in the Saatchi crisis. For a long time, says one analyst, they've been the darings of the Press with fire in their bellies, keen to teach the the world. Suddenly they are at the top and have become the establishment . . . to be shot at. Whichever interpretation you take, the test remains one of management capabilities . . . that means finding out how good a chess player Charles really is.

Computer animation

Mesmerising messages

Feona McEwan reports on an electronic aid to creativity

channel Four TV logo (where brilliantly coloured fragments fuse into the figure four); the somersaulting logo for the TV programme News at Ten; the Smarties ad (all flying tubes and chocolate buttons); the more basic commercial for the Northern Rock building society (which rains down gold coins in slow motion) and the Honeywell business systems ad (in which a regular office is transformed into a high-productivity cell of hi-tech wizardry).

It is a technique which now offers mesmerising commercial possibilities not only to advertisers but also to industrial designers, architects, the pharmaceutical industry, pop promotion producers and others.

The technology of computer animation has its roots in the American defence programme,

a animation has its roots in the American defence programme, going back for more than 30 years. With its hefty financial, technological and artistic commitment, the US has pioneered the field, though it is only in the last 15 years that commercial uses have evolved.

Europe is running fast to

Europe is running fast to catch up and Japan is noted as a keen competitor in the world computer graphics market, which the industry itself reckons is worth about \$20m. Of reckons is worth about \$2bn. Of this, the European market is estimated by industry observers to be about £300m, with animation (a sub-division of graphics) accounting for about £30m to £100m. The UK slice is put at £1m to £1.8m.

The bulk of the potential for computer animation is thought to lie in the advertising field though the business is still in

computer animation is thought to lie in the advertising field though the business is still in its infancy. Recent UK users like Honeywell, makers of business computers and office automation systems, Crown paints and Smartles confectionery had their own different reasons for adopting the technique.

Howeveell wanted to register started to narrow the gap.

Now a new company has arrived on the European scene with a box of computer tricks under its belt which it claims will help it to challenge the Americans, and put Europe in the front line. The Computer Animation Laboratory (based in Frankfurt and with associates in London, Paris and Zurich) is unblushing in its claims of

For Smarties, animation offered more realistic and greater manipulation of the tube and its contents than using live action and models, besides fascinating its young consumers. The Crown paint-bynumbers ads (showing a mono-chrome image which then colours in sequence), adopted animation because it was quicker and (in this instance) cheaper than alternatives such as filming real characters or

To produce the Channel Four logo (a milestone in raising UK interest in the technique), producers Robinson Lambie-Nairn had to turn to the US where established names like Robert
Abel, Digital Productions,
MAGI and Cranston/Csuri Pictures lead the field. Since then,
UK exponents such as Cal,
Digital Pictures and Electronic Arts, among others, have started to narrow the gap.

FLIGHTS of fancy in television fear"). It also wanted to concommercials are reaching new vey specific messages, such as its capacity for electronic four megabytes and a total result of computer animation, a filing, networking and mail.

Research carried out before that produces moving images in and after the advertising care. fast-evolving creative technique that produces moving images in three dimensions.

UK viewers will recognise computer animation in the Channel Four TV logo (where brilliantly coloured fragments fuse into the figure four); the somersaulting logo for the TV programms News at Ton the offered more realistic and memory capacity of more than two gigabytes. In layman's language, the system occupies and after the advertising cambridge campaign, devised by Gold Green less Trott, pleased the By working to high resolutions, the Lab can translate its work to film, video, or slide for use in television, posters, cinema and business presentations.

For Smartles, animation offered more realistic and

comes at a price. But founder and chief executive of the lab, Chrys Kazantzis, believes discerning clients will quickly recognise its worth.

Computer animation is, however, by no means the answer for every communication prob-lem. It is best used when no other method can achieve the

other method can achieve the desired effect, says the lab's creative director. Antonios Iliakis, who worked among other things on the NASA shuttle simulation for ABC television in 1981.

Makers of commercials warn against the tendency to use animation simply because it is new. "Ultimately, it's not a technique that makes a good commercial," says Peter Blaser of production house Take One of production house Take One in Zurich. "First you must have the good idea. The technique must not dominate the commercial."

Blaser recently used the lab for a Cointreau commercial shown in Switzerland. The reason, he says, was "it would have taken five times longer and cost a lot more money to

and cost a lot more money to
do it any other way."

In future, the lab alms to
extend its activities around
Europe by liaising with production houses in Milan, Athens,
Vienna and Madrid. In London, James Garrett, the UK's oldest production house, is the British link. Ultimately the company hopes to get a stock exchange listing in order to finance its research and development programme.

Garrett's managing director.

Mike Gilmour, believes two main arguments are relevant to the future of 3D computer animation. "In five years' time anyone marketing to today's 11 to 16-year-olds will have to speak their visual language. The way we're getting the messages across is changing. I think. That's not to say everything will be graphics and animation and computers but for some markets it will be the right language."



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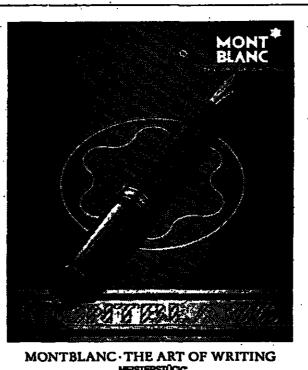
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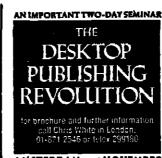


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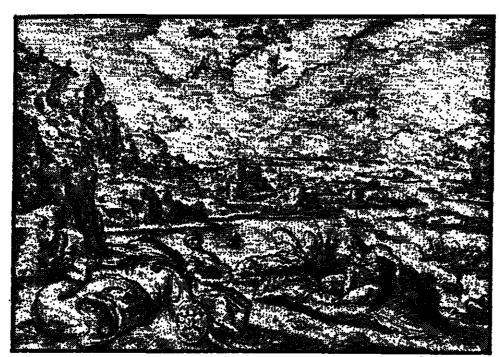
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Landscape drawings to delight the eye

The exhibition, The Northern Landscape (Courtauld Institute Galleries, Woburn Square, calls to mind Ben Jonson's description of his very first masque, in 1605, when James I and his court saw before them as the first scene "a Landtschap con-sisting of small woods, and here and there a void space filled with huntings. . . ." This was designed by Inigo Jones who was placing before his audience was plateing before his authence a new art form, so new that the word to describe is had to be borrowed from the Dutch, later to be anglicised as landscape. The court must have been looking at something colse to the beautiful Gillis van Coninxloo III drawing with its huge foreground trees and distant woodland vistas.

This is a most enjoyable exhibition with a more than handsome (if expensive) catalogue, so I must begin on a protest note on behalf of those left to comprehend it from the inadequate captioning. Putting that quibble to one side, there are some 120 drawings filling three rooms. There are glorious items by exponents of the British School, but I confess to being most stimulated by those by Netherlandish artists of the sixteenth and seventeenth centuries. We have not seen such a galaxy as this for a long time and they present before us the birth of this new genre.

Landscape in medieval works of art only existed as a symbolic setting, the corrupt world of man and nature. That approach was not shed in the Renaissance. Landscape remained symbolic but it also became something else, part of the macrocosm of which man was the microcosm and as a result, it became a subject fit for scientific obser-vation and investigation. The allegorical or biblical subject matter set within it became



Detail from "Landscape with the Fall of Phaëton" by Hans Rol

rendering of the Fall of Phaëton is a vehicle for a landabove a city and a river winding into the distance. The mannerist world was obsessed by landscape as symbol, as man distilled by pen and brush on to canvas and paper the earth's surface: ships tossed on the seas, winds bending trees, the wonders of vast panoramas or nature at her most benevolent in a pastoral of ripening cornfields. Time and again we must remind ourselves of this way of looking because our own, in

but crude to the late Renais-sance mind.

For an age before the camera Phaëton is a vehicle for a landacape with mountains towering
above a city and a river winding
above a city and a river winding
into the distance. The mannerist world was obsessed by
landscape as symbol, as man
distilled by pen and brush on to
canvas and paper the earth's
surface: ships tossed on the
seas, winds bending trees, the
wonders of vast panoramas or
in the mind's eve even the in the mind's eye even the colour of the vegetation, although he only makes use of fields. Time and again we must remind ourselves of this way of looking because our own, in thirty Years War, symbol gives before. Simon de Vlieger or, to go back again in time, by Brill 20 years before. Brill still needed to

times we have to search for it. terms solely of topography and
Hanss Bol's work is typical of aesthetic response, would have
this stage in which a characteristically elaborate mannerist but crude to the late Renaisinspired by Italy and a celebration. tion of classical antiquity through rose-tinted spectacles. I admit that I am more drawn to the former than to the latter. Van Goyen's striking study of a solitary gnarled oak jutting defiantly into the sky seems to say it all. There are no decorative elements, no apology for what is an harest study of just a tree. Indeed, it is instructive to look at this study in the light of a series of tree drawings of other oaks by Lucas van Uden,

cintter his tree with ruined buildings, and staffage figures. By the time that van Goyen came to draw his, it could stand on its own as a solitary manifestation of God's creation.

The British drawings excited me less, in the main because the subject of landscape art has been one of such intense research over the last decade or so. Book has followed book, exhibition exhibition, ranging over every aspect of the insular tradition. Here, inevitably, one feels confronted by isolated pieces of a larger mosaic. There pieces of a larger mosaic. There is nothing new said and the visitor must content himself happily with the quality and delight of virtuoso draughtsmanship. And of that there is an abundance, from Sandy's view of Old Windsor—which makes me long for a drink at that narticular pub lurking makes me long for a drink at that particular pub lurking behind the trees—to Turner's astonishing effulgent view of Colchester as a setting worthy of the Second Coming.

This exhibition was put together for the Drawing Center for the Drawing Center.

in New York as part of the Courtauld's appeal for its new home in Somerset House. Looking through the threadbare galleries at their marvellous collection I am only glad that one of my first acts as director of the Victoria & Albert Museum was to get the Theatre Museum out of Somerset House Museum out of Somerset House
(a singularly inappropriate
location) to make way eventually for these masterpieces.
But does not one long for
one of our great national institutions not to have an appeal?
Are we to be perpetually
reduced to shoving our goods
on the road like 10th-rate Auto-

lycuses to raise a miserable dollar or two? Is there no lingering shame somewhere at the level to which our great cultural institutions have been reduced? La Glorie? The British do not know or care

Siegfried/Covent Garden

Max Loppert

The Welsh National Siegfried is full of good things: I was very glad to break into the company's London Risg cycle at this point. This is, of course, one of the great advantage of the this point. This is, of course, one of the great adventure stories of opera; it can produce one of opera's most exhibarating and invigorating experiences. Though Tuesday's performance could not be reckoned that all the way through, it showed off two particular strengths—and it was just these that reminded one what a spectacular Siegfried can be.

One (as on Monday Rodney Milnes pointed out about The Valleyrie) is that the production is geared to the clearest possible execution and explication of Andrew Porter's translation.

pany are taking the point loud and clear as they prepare them-selves for the introduction into the house of surtitles). The other is that in Jeffrey Lawton the production has deve-loped for itself a hero who can engage audience sympathies in

engage audience sympatmes in the right way. When Siegfried appears no more than a charm-less bully, or a muscle-bound simpleton, the grand adventure becomes an endurance test for all concerned; Mr Lawton, a



Jeffrey Lawton and Anne Evans

Goran Jarvereit has taken the amiability too far (the embrace of the dying dragon is touching but unlikely)—a refreshing misjudgment. The bulky voice, not naturally beautiful and not always focused on the notes, is musically used. Perhaps also incentiously used. My Lauten incautiously used: Mr Lawton charged into the forging scene with such exuberance—that, too, was refreshing—that he had plainly spent himself by the end of the opera.

Altogether, this is a staging

of many attractive qualities. But its main weakness, exactly complementary to its strengths, soon becomes clear—a want of complementary to its strengths, soon becomes clear—a want of epic dimensions. Every appearance of the Wanderer, the less-than-authoritative Phillip Joli (woolly of both tone and words), diminishes the size of the work. John Harris's shrewdly sung Mime is admirably free of whine, yet the tortured power of the character refuses to emerge. Nicholas Foiwell is not yet an Alberich of Covent Garden stature, though he may well become one, though he may well become one, though he may well become one of the Brunel-style bridge permanently overhead robs us of a boundlessly open sky for the opera's final scene. Most important of all, Richard Armstrong's steady conducting hand fails to open out the grandest vistas of the music; in the Act 3 prelude it was impossible not to prelude it was impossible not to notice the shortage of orchestral

notice the shortage of orchestral weight. A boy-soprano Woodbird voice is a mistake.

But there were two important compensations. Though Erda's costume and whole manifestation are sadly feeble, Anne Collins' singing is so full of genuine Wagnerian substance that we soon forget to mind. And Anne Evans proves to be a Brümbilde worth going Brünnhilde worth going through fire for. She was unwell, and apologised for in advance; uncomfortable phrases advance; uncomfortable parases were evident. So were the feeling for the character, the radiance of style; even despite vocal ailment she managed to suggest a heroine at once girlish and commanding. With the arrival of Brünnhilde the enjoyable domestic scale and ensemble character of the WNO Bing receive a splendid amplifi-Ring receive a splendid amplifi-

Madam Butterfly/Coliseum

Andrew Clements

When he reviewed the last revival of Graham Vick's stag-ing of Madam Butterfly at the Coliseum in February Rodney Milnes suggested here that the whole production "be quietly shelved." Alas, that has not happened; far from it. The current run, the third revival current run, the third revival of a show that is only just two years old, carries on much as before. The first act is acceptable enough, if one can tolerate the clever-clever sliding screens and the archness of Butterfly's wedding retinue, while the second delves ever deeper into Vick's concept of dirty versimo, piling gloss upon gloss, exploitative point upon point exploitative point until Puccini's basic melodrama is all but sub-

The reshaping of Butterfly's character as a long-lost sister to Electra, and the series of images paraded on the upper storey of the set while the tragedy should be drawing ever storey of the set while the tragedy should be drawing ever be a comfortable introduction, less, though noisy enough to tighter and more personal at for the concept hardly enground level, add an element courages a sympathetic porsionist excesses. The rewards of hysteria to the opera that trayal, but even making approsis totally redundant. They risk priate allowances she did not toppling the whole carefully suggest much conviction in calculated structure into the abyse of psychotic nightmare, the second's graded destair. abyss of psychotic nightmare, so that the events of the closing minutes of the opera Those who mistrust the work's basic impulse but admire the craftmanship with which it is worked out are not left with



David Rendall and Rosamund Illing

suggest much conviction in particularly Anne Marie-Owens' either the first-act's naivete, nor the second's graded despair. Rodney Macann's slightly awk. She adopted a strange exotic accent from time to time, which did not help; her tone took on an acerbic edge and was tentatively phrased.

Her early unease could not tainly of a pieco with Vick's have been helped by Michael ideas, an American quite irre-Llovd's conducting, which was demmable from the outset, with-

There is a new Cio-Cio-San slow to gather momentum and this time: Rosamund Illing makes her English National debut in the role. It could not ing throughout remained lustre-

Exhibitions

Hayward Gallery: Dreams of a Summer Night - an exhibition of painting at the turn of the century in the

five Nordic countries, organised by the Arts Council and the Nordic

Council of Ministers. It proves to be an important and intriguing exer-cise in critical reassessment, for though many of the painters enjoy-ed a certain contemporary fause

en a certain contemporary anne abroad, they were with one great ex-ception all but forgotten in the years after the First World War. Munch was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the desmonstration that he was no

the demonstration that he was no

arbitrary phenomenon but the not able product of a distinctive national

and regional character. Ends Oct 5, then Düsseldorf and Paris.

Boueher. 86 paintings and 25 drawings trace the evolution of the painter who personified, from 1730 on-

wards, an Art de Vivre of charm and seduction. His pastoral

scenes reproduced by engravings, tapestries and on Sevres porce-lain spread the influence of

French Court art all over Europe. Grand Palais. Ends Jan 5.

WEST GERMANY

Museum Ludwig, Bischofsgarten-straße I: The new museum, built by the German architects Busmann

Cologne, Wallraf Richartz Muse

Grand Pale (4289 5410).

Request Programme

Martin Hoyle

at the end of the day—or, as it transpires, the end of her life—be fascinating? For it is. Elleen Nicholas has brought her Eileen Nicholas has brought her Edinburgh sell-out performance of Franz Xavier Kroetz's Request Programme to the Petrier Pick of the Fringe season at the Donmar Warehouse, whence it transfers shortly to the Bush, that most literary example of "writer's thanter"

Mish is slightly ironic since Miss Nicholas, the sole player, utters no word throughout, though she does softly join in the refrain of "Mame" on the

Dimou's scrupulously realistic bed-sit set, its invisible fourth wall revealing wash - basia, fridge and practical window. She smokes, turns the television on and off, consults the Radio Times, switches the radio on. She washes the breakfast things, puts them away, takes her apron off, lays the table, has supper (sliced ham, sliced bread and Activity fills every corner of an existence as severely constrict-

from Peter Ludwig one of the lead-ing German collectors of Modern Art, who has donated about 300

pieces. The museum is devoted to

pieces. The museum is devoted to 20th century art: French, German and American painting, including abstract art after 1945, and pop art. Also German art from the 60s to the present. Ends Nov 30. The museum is showing an interesting exhibition of 19th century German and French paintings: romantic, realist and impressionist, with works by Caspar David Friedrich, Adolph von Menzel, Wilhelm Leibl, Max Liebermann, Max Slevogt and Lovis Corinth, Renoir, Monet, Sisley, Degas, Pissarro and Manet. Pictures by James Ensor, Pierre Bonnard and Edouard Vuillard show the way to the 20th century. Ends Nov 16.

ITALY

Beme: Misseo Nazionale delle Arti e Tradizioni Popolari (Piazza Marconi 8, sur): "Precious Ornaments." A large collection of Folk jewellery from all over Italy, dating from the turn of the century, illustrated with charming photographs of heavily bejewelled countrywomen. Until Nov. 38

SWITZERLAND

argano: Villa Favorita: Goya In Private Collections: 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Barren Turnerer and the See by

Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Contessa di Chin-chon, considered the best of Goya's

Why should 65 minutes of a there is no emotional slack, no woman painstakingly going hiatus. In addition, the element through the domestic minutiae of spying on unguarded privacy matus. In addition, the element of spying on unguarded privacy exerts its own fascination. The audience titters nervously as Miss Nicholas drops her tights and sits on the lavatory, and chuckles with recognition as she carefully nibbles away the sodden edge of her dunked biscuit.

In Nancy Diuguid's minutely detailed production the actress builds up the portrait of a pleasant woman whom one would cheerfully greet as she hurried past in the passage. Little finicky movements—fastidiously flicking ash, waving away cigarette smoke—betray includes sentents playstorichess San incipient spinsterishness. Sen-sucusness and creativity are confined to the pink and grey gives to the minty stalk of a tomato.

This is Eleanor Rigby country, not too far from W. H. Auden's Miss Ellen Gee. This is how John Betjeman's bachelor girls in Camden Town end up. theme is not new; nor is the author's avowed aim, to com-Flora, a tomato); and so on.

What keeps our attention is logue, really served by a play the feeling, paradoxically, of a life being lived to its limits.

Saturd a worker and the strong lived diagrams and the strong lived by a play with only one character. But life being lived to its limits. tion and acting there is no existence as severely constricting as the physical territory, is held by the last lovinglyMiss Quick (the "envelopes chronicled hours of Miss Quick's
supervisor in a paper goods life, apparently so busy that supervisor in a paper goods firm" as the programme describes her) moves purposefully, busily, whatever she does. When she sighs unhappily at "Come prima" or broods sorrowfully to Barry Manilow,

Carmen/Theatre Royal, Glasgow

Richard Fairman

In the 1960s Carmen was played as a "real-life" opera. Singers like Resnik and Del Monaco can be heard on live recordings holding nothing back recordings holding nothing tack in their scenes of confrontation. Details of the score get forgotten and even the notes are abandoned, as they let the drama take hold and flare passionately out of control.

A reaction against this style is straight out of West Side (post-Puccini) was inevitable. Story. By the time the gypsies Most recent performances of lift their skirts and do a nifty the opera have chosen a less dance on the mountain tops, flagrantly verismo approach, there is no doubt that Vick has but few have gone so defiantly gone too far. rug she makes, caressing it to the other extreme as Graham gently; or the fleeting sniff she Vick's new production, which opened the season at Scottish Opera on Tuesday. At all points he has clearly been determined to question and rethink the tra-ditional elements of the work, much as he did in his Madam Butterfly, currently being revived in London.

Carmen, he suggests, has been a picture-postcard opera too long. These sets — bare walls and a row of chairs — will not sell many holidays in Spain. On an empty stage the performers are moved around, grouped and strikingly lit (by Nick Chelton) so as to focus attention on the action more intently than mere scenery could ever do. Where his ideas do raise problems, and go directly against the spirit of the work, is in the extreme stylisation that they bring to it as well.

Before the premiere, Bizet spent long hours of rehearsal trying to get the women of his chorus to behave naturally for their first entrance. His librettist, Halévy, recalls how he fought to have "action, coming and going — life, in short." Here the women are back in formation, advancing on the soldiers of Seville like girls in a characting. The fight routing chorus-line. The fight routine

reality. But the young American Emily Golden is not that kind of artist, understated, respectfully musical, inhibited by what is going on around her. The production robs her of kenzle is a competent Micaela, Carmen's dramatic entrance. The stage simply revolves and there she is, sitting against a wall. When the "Habanera" starts, it is too slow and damp from the pit for her to make it

voice, for the early scenes. Only in the final duet is the tempera from a thought-provoking start, seated side by side like a contented couple, he and his Carmen finally built up some of the drama that had been held back elsewhere.
In this restraint production

and music were of a piece. John Mauceri, the company's next Music Director, has a fine grasp of the texture and balance, phrasing and colour of Bizet's score. The interplay between score. The interplay networks solo flute (a lovely piece of work) and inner string parts Against this background the in the Entracte to the third evening needs a Carmen who act has never sounded better. can cut her way through to But he often holds back pace reality. But the young Ameriand excitement to the point

from the pit for her to make it with a firm, perfectly focused catch fire. with a firm, perfectly focused high baritone that is a pleasure Her scenes with Don José are coolly played. Gary Bachlund, making his British debut, is stiff in the spoken dialogue and the others with the blazing comdoes not have the ease of tone, mitment that the '60s knew so especially at the top of the well.

EVERYTHING IN

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Thestre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts apnears each Friday.

The Hague, Museon. The legends and facts surrounding the life and voy-ages of St Brendan, the 6th-century "Irish Odysseus", are examined with rish Odysseus", are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends October 26. Lutphen, Stedelijk Musseum. An exhi-bition commemorating Sir Philip Sidney, the Tlower of English chiv-alty. who died 400 years ages at

alry", who died 400 years ago at-tempting to liberate Zutphen from the Spanish. Ends November 9.

VIENNA Man – a submerged kingdom of Chi-na: According to the organisers this is the first exhibition in the west of treasures from the Dian Kingdom,

BRUSSELS When the posters went to war. Ameri-can posters through the two world wars. Musée Royale d'Art et His-toire. Ends Oct 12.

which existed more than 2,000 years

in south west China. Un

NEW YORK

Metropolitan Museum of Art: 40 Impressionist and early modern pain-tings from the Hermitage in Lenin-grad and the Pushkin Museum in Moscow include works by Picasso, Matisse and Chagall rarely seen in the West. Ends Oct 5.

Cooper Hewiti Museum: Hollywood, Legend and Reality celebrates the history of America's greatest popular culture in all its excesses and in timacies through the various crafts like production, direction, editing and special effects. Ends Oct 25. Bravo Carnegie Hall: While Carnegie Hall is being renovated, the exhibi-tion space at the Performing Arts Library at Lincoln Center honours the venerable venue with original architectural drawings and cut-away models along with a tribute to violinist Isaac Stern, president of Carnegie Hall, and memorabilia like the original programme of 1891 and other programme covers.

September 26-Oct 2

National Gallery: Viennese Renaiss-ance sculpture from the Kunsthisto-risches Museum includes work by Bertoldo di Glovanni, Andrea Brios-Bride co, and Alessandro Vittoria. Ends

WASHINGTON

· CHECAGO

Chicago Historical Society: Louis Sullivan, a seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made models of his buildings along with drawings, sketches and building frag-

Turner (1775-1851): Over 100 oil paintings and water colours in one of the most important Turner exhibitions held overseas. Loans (20 from Lon-don's Tate Gallery) include Rain, Steam and Speed from the National Gallery, and Lifeboat and Manby Apparatus, courtesy of the Victoria and Albert Museum. Tokyo Mu-seum of Western Art, Ueno Park. Sponsored by Nihon Keizai Shim-bun and British Council Ends Oct 5.

Michael Coveney "My socialism," said Harold is cunningly illuminated by a Nicolson in his diaries, "is standard lamp, cupboard and purely cerebral. I do not like mirror lights, most of which the masses in the fiesh." In manage not to catch his face offstages.

Nicolson Fights Croydon

Offstage Downstairs in for a large proportion of the Chalk Farm Rd, NW1, we find penumbral 75 minutes. Nicolson, impersonated by Nicolson had been sent to Angus Mackay, brewing his Croydon by Herbert Morrison,

entrely, I rees, the result of a tentative first night.
Why, in Croydon, should Nicolson suddenly start reeling off anecdotes about the Joyces and Mrs D. H. Lawrence that date from the early 1930s? (Proust was snobbish—"he used to repeat names to himself, succulently.") He is opening some books for review, that's why, preparing for his distinguished Croydon after-life in the literary pages.

This Nicolson also drops names succulently in haterone.

names succulently, in between declaring that the only way to fight Communism is from within the Labour Party and that the exactly a pulsating vision of the future. The stories are lazily strung together as Mr Mackay pads around Bruno Santini's genteel squalid interior which the Wolf.

Ovaltine in a dingy Croydon but had managed to dine this hotel in March 1948. He was particular evening in the fighting, not very hard, a by-election for the Labour Party, realised how close he was to hoping to lose honourably and cain a neerage gain a peerage.

Nicolson was a decent, civilline, about lunching with the
lised man and his diaries are
King of Rumania and wetting ised man and his diaries are King of Rumania and wetting one of the most enjoyable of his chair with a bottle of sal 20th century documents. But volatile. Then he awkwardly Mr Mackay, in his own adap-changes into his pyjamas under tation of source material to a his dressing gown (remember-scenario by his director Simon ing suddenly to start shivering Callow, presents a bumbling, somewhat vacuous figure not juggling a couple more dud entirely, I feel, the result of a anecdors about "Wystan"

Not what you would call a forcible evening, but when Mr Mackay has settled down it will afford interested persons of a tolerant disposition a few minor pleasures in the case history of an unlikely, and today inconceivable type of Labour candidate.

Sadler's Wells Royal Ballet autumn tour

The Sadler's Wells Royal Ballet's autumn tour, sponsored by Sainsbury's, will visit Cardiff, Oxford. Eastbourne and Bironly hope for the slum-dwellers mingham during November and of Croydon are those handy little prefabricated houses—not from the Dance Theatre of

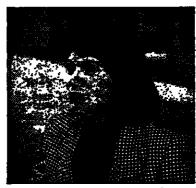
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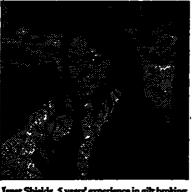










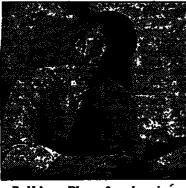




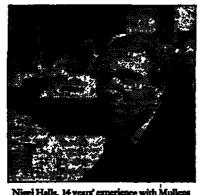


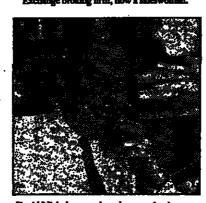


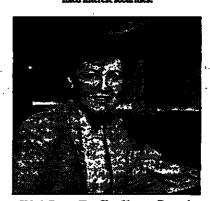






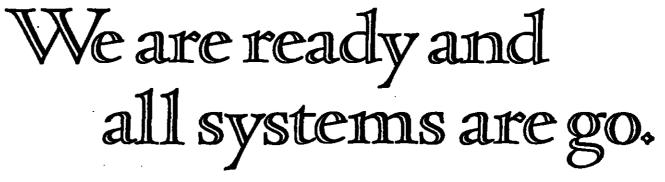






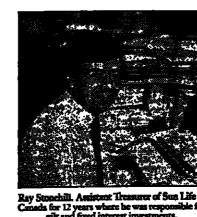












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Thursday October 2 1986

The threat to press freedom

THE COLLECTIVE high of re- en masse to democratic prin lief that the Western press in ciples, such as the freedom of particular breathed over the the press, itself a concept liable demise of the New World to subjective interpretation. Information Order may have The Japanese press, for example Information Order may have been premature. In its place, is incontrovertibly free, yet it is in inextricable part of the domestic on the press. Last week alone, two orders is an inextricable part of the omestic consumption matters where the national tends to go out of its way not to embarrass its government on matters where the national tends to go out of its way not to embarrass its government on matters where the

It would be misleading to and in neighbouring Singapore read into these disparate cases, and Indonesia, there are additional others besides, too many tional grounds for concern common threads, beyond the South-east Asia may be a patch-obvious observation that all the work quilt for democracy, but governments in question have it has been, and will remain ground had and indifferent the most part are averaging. common threads, beyond the obvious observation that all the governments in question have reasons, good, bad and indifferent, to feel defensive. South Africa's censorship of the reporting of civil unrest is nakedly designed to keep the lid on at home and to test the attentio span of critical foreign audiences. The regime in Chile has taken the same road in the wake of the attempted assassination of President Pinochet, and so, it can only be assumed, has Cuba. There is a certain crude, if shortsighted, logic to thi, approach. After all, former President Marcos's inability to keep the eyes of the world off the Philippines probably contributed to both the manner and speed of his removal.

Subsective interpretations

Subjective interpretation

Other recent instances fall into different categories. Although the full story has yet to be told, China's expulsion of Mr John Burns of the New York Times earlier this summer did appear to have prima facie justification in that he indisputably travelled to parts of the country known to be off limits. Whether that warranted kicking him out is another matter. The Soviet detention of Mr Nick Daniloff is much more kicking him out is another the evidence of misappropria-matter. The Soviet detention of the evidence of misappropria-matter. The Soviet detention of the evidence of misappropria-matter. The Soviet detention of the evidence of misappropria-for in the soviet more than the victims of this have of a move in the superpower been those most in need. By game. The FT is not unfamiliar their actions, both Kuala with this sort of thing, having Lumpur and Havana, otherwise lost a Moscow correspondent so different, have fallen into a four years ago in the tit-for-tat common trap. Far from deflect-exchanges between Britain and

are not democratic to adhere needed in both capitals.

But in the case of Malaysia,

In this process, the free flow of information is an indispensible ingredient. It will not help countries which need investment funds or technological assistance to place restrictions on the fair reporting of structural features of their economies. The nature of banking in Malaysia and the extensive business holdings of the Indonesian military should not be deemed state secrets. not be deemed state secrets, ing Reporters, indigenous and foreign, should not be punished for doing their best to make

them plain.
Trying to stem the flows of information is, in any case, likely to make potential investors and lenders more, not less, suspicious and cautious. The cause of foreign aid in recent years has not been helped by exchanges between Britain and ing attention from their internal difficulties, they have rendered It would be naive to expect a those who matter more in-world in which many countries terested. Second thoughts are

Compensation for investors

THE Department of Trade and Industry's proposed amend-ments to the Financial Services Bill to encourage the establishment of a central compensation scheme in the securities mar-kets was never likely to go down well with the Stock Exchange. But if, as seems probable, it results in a higher level of pro-tection for investors generally, it is surely a step in the right

In the early stages of the life of the bill it was assumed that self - regulatory organisa-tions (SROs) in the City would make their own arrangement to compensate investors where their members proved unable to meet their obligations.
Compensation was required
to match the minimum
level of cover required by the Securities and Investments Board (SIB). Alternatively, the SROs could ask the SIB to make provisions for their members on the same basis as it made for that it authorised

This arrangement looked tolerable from the perspective of the Stock Exchange. As the oldest self-regulator in the City, it had a sound record on inves-tor protection and a large com-pensation fund. It could cheer-fully go it alone. For the newer SROs, on the other hand, start-ing a compensation fund from scratch was a fall order. Not ing a compensation fund from scratch was a tall order. Not only was it potentially costly; the insurance markets were unhappy to underwrite the funds, in view of the lack of track record of the smaller SROs and uncertainties surrounding trading conditions for their members in the new chimate after the Big Bang.

Cross-subsidy

Hence the SIB's decision last year to set up its own centralised scheme with minimum cover of £30,000. Those like the Stock Exchange that wished to

rightly concluded that this a tough proposition. The noble safety net was, at best, tenuous. lords have little option but to To carry any conviction with soldier on.

the public a more effective and better funded scheme was needed. The new amendments therefore propose a central compensation scheme. With a far larger coverage, a central fund should be easier to finance. thereby ensuring a higher level of protection for investors.

Whether the new limits, which have yet to be revealed, turn out to be adequate remains to be seen. Certainly the original £30,000 minimum proposed by the SIB was woefully low. In the short term, however, the more heated debate is likely to be about the Stock Exchange's fear that its members will end up cross-subsidisng those of other SROs, with little or no track record in regulation.

Much depends on the specific nature of the safeguards that are to be incorporated in the bill. These are expected to call on individual SROs to chip into the communal pot on others' behalf only above a given level. It also remains to be seen whether the Stock Exchange's part experience in regulation whether the stock exchanges past experience in regulation will minimise calls on the central fund by its own members. In theory, at least, the other SROs could end up subsidising the Stock Exchange.

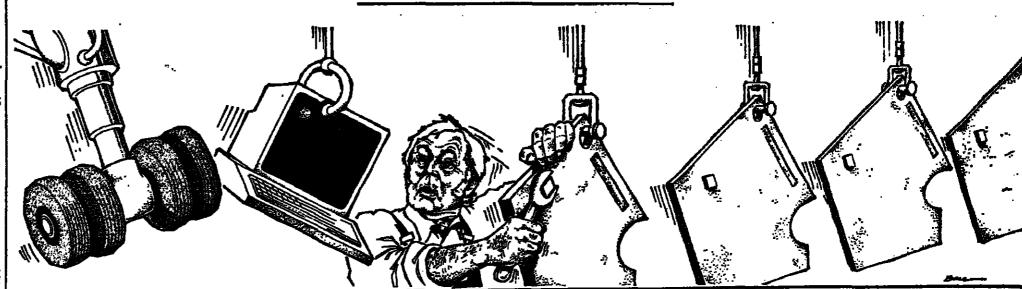
Tough proposition

Equally important is the question of representation on the body that manages the fund. It is understandable that an organisation such as the Stock Exchange should feel edgy about the prospect of having to ball out failed members of another SRO when it has no control over their behavlour.

The other heated debate is likely to turn on the practical difficulties of pushing the bill through. The welter of other amendments that emerged yes-terday seems certain to cause ised scheme with minimum terday seems certain to cause cover of £30,000. Those like the yet more confusion in the Stock Exchange that wished to offer better protection could then provide top-up schemes. Professional investors were to be excluded from this form of protection.

The Government has now scratch was always going to be investor protection. The more confusion in recent months, the concluded that this structure of investor protection. The more confusion is cause yet more confusion in recent months, the confusion of the cause yet more confusion in the cause yet more confusion in the structure of the protection in recent months.

WEST GERMAN INDUSTRY



All change on the majestic old order crumble. West Germany's manufacturing giants, saturated with prestige, encrusted in regula-tion, and contemptous of almost anything they don't make, are beginning to turn on one production line

helped them avoid damaging each other since the Second World War may now be proving inadequate. Just four or five years ago, it was still fashionable for manufacturers to talk of concentrating their efforts, and expanding, in the areas they specialised in and to do impressive sums about the treasure that awaited them in the one Western market they had not yet conquered - the

Today the cobblers that stuck to their lasts think they know better. Klöckner Humboldt Deutz (KHD) has spent valuable reserves buying up capacity — to depressingly little effect — in diesel engines and farm equipment. Mannesmann, which was still investions and which was still investing heavily

German manufacturers not try-ing to break into new technolo-Big consulting groups in Germany have been besieged by auxious calls for help by manu-facturers. At McKinsey in Dusseldorf, officials say that

Dusseldorf, officials say that diversification is currently a "hot topic" but decline to discuss it. The chief of Arthur D. Little's West German operation, Dr Tom Sommerlatte, warns that "some people have been almost panicked" by the "fashion to diversify."

His staff are currently helping 10 major German manafacturers look for brand new fields to work in and he says there are 10 more waiting to be helped. "The first question we are asked is: 'Is there a new niche available?' And the second its: 'Are there companies in the world in this field that we can acquire that are in financial difficuty?'" he says.

their specialities, are seriously a turnover of nearly DM 70bn a contemplating entering areas of year.

business about which they may What Daimler did has shaken now know very little.

Many of the big steel, as well a mechanical and electrical engineering groups looking for new growth areas—Thyssen, Krupp, Brown Boveri, VEBA, Deutsche Babcock and their Deutsche Babcock and their cousins—are now concentrating their inquiries on biotechnology (not so much for the chemical as the engineering opportunities it may offer), factory automation, measuring technologies and the manufacture of things that need to be serviced regularly over a long time. Thyssen, in fact, has been buying up elevator companies for years because of the lucrative service contracts lucrative service contracts attached to such busin

Some Germans believe they some Germans believe they have plenty of time to develop new markets like these. But it may not be that simple. The fashion to diversify has been taken up simultaneously by two industrial sub-cultures — the "smart set" of profitable electronics semances and motor tronics, aerospace and motor groups, which have to keep pace with rapidly changing tech-nology; and the somewhat dishevelled collection of old metal bashers and engineers to whom diversification is a matter

Companies like Siemens, Mannesmann and GHH have feet in both camps, but it was Daimler Benz that grabbed the role of upper-class translation for itself last year.

Ignoring the disaster which befell Volkswagen when it stepped out of its specialist shoes and bought the Triumph inancial difficuty?" he says.
"Five years ago the same companies were on a completely different trip."

Big German industry may be no stranger to diversification but what is happening now is different. Many manufacturers, while not quite abandoning

Adder omce equipment group, markets."

In the late 1970s, Bosch and slick with the computer producer, line in the late 1970s, Bosch and slick with the aerospace group, they merged their household ducer, Dornier, the aerospace appliance businesses, but now group and the country's second biggest electricals group, and different. Many manufacturers, while not quite abandoning of the same company in the country, with a late 1970s, Bosch and slient Nixdorf, for instance, or they merged their household ducer, Dornier, the aerospace appliance businesses, but now group and the country's second biggest electricals group, and find growth markets, is plotting then AEG. It is now the biggest an entry into a niche in auto company in the country, with a late 1970s, Bosch and ducer Nixdorf, for instance, or they merged their household ducer, Dornier, the aerospace group, appliance businesses, but now group and the country's second biggest electricals group, and the country size may be a served and serve producer. Nixdorf, for instance, or they merged their household ducer, Dornier, the aerospace appliance businesses, but now group at the aerospace appliance

What Daimler did has shaken the top of the German industrial

the top of the German industrial tree, particularly those companies which already have some claim to being high tech. An ominous reminder of how rough things might now become was the departure earlier this summer from the Daimler supervisory board of Dr Marcus Bierich, chairman of Daimler's neighbour in Stuttgart, the Robert Bosch auto components group, and Dr Heribald Närger, a Siemens main board director. Those enforced departures reflect the fact that Daimler

Bosch preserve for years—fuel injection systems, Faced with potential threats from both Daimler and Siemens, Bosch cannot stand idly by.

Bosch is setting great store by

telecommunications, a Siemens stronghold. The company al-ready owns 40.8 per cent of a telecoms transmission operation, ANT Nachrichtentechnik, and through its Telenorma Tele-fonbau and Normalzeit subsidiary also has a small role in the production of Siemens' important digital public switching system.

But, given the growing hostility between the two groups,

Only high-technology companies have a future at the top of the German industrial pile

By Peter Bruce in Bonn

will soon be competing with its it is probably not surprising suppliers, a prospect that puts that Bosch has also been closely Bosch under especially great studying the telecoms joint pressure to make a major diverventure being planned between sification of its own, and which, in turn, may mean trouble for which will have two digital siemens. The country's big banks, traditionally big industrial shareholders or creditors may even be encouraging new.

"They think the companies will sharpen their claws in the German market and then go abroad," says Mr Sommerlatte. "The chemicals groups used to divide up the spoils between them, but then they started competing in pharmaceuticals and it really helped them in foreign markets."

The joint venture needs a German partner. Bosch, though, German partner. Bosch, though, would have preferred to buy ITT's main West German subsidiary, SEL, outright, but was rejected. Luckily, Bosch's operations in telecommunications, including cellular radio, are still relatively small and leave room for expansion. There are other ways to go. There are other ways to go,

subject to unusual political pressures, stemming from the obsession that Bavaria's pre-mier, Mr Franz Josef Strauss,

mier, Mr Franz Josef Strauss, has with guaranteeing his state the role of the nation's technological leader.

Alarmed by the sight of Daimler Benz acquiring vast high technology assets, Mr Strauss tried late last year to persuade BMW to take a major stake in MBB, BMW insisted on too big a stake and the on too big a stake and the approach failed, but a tie-up between MBB and BMW remains a possibility.
Of its own accord, BMW late

mains a possibility.

Of its own accord, BMW late last year increased its 8 per cent stake in Loewe Opta, an energetic DM 226m a year producer of televisions and office equipment, to 31 per cent and announced plans to develop, iointly, new communications systems for cars.

Speculation persists about BMW's own future. It is controlled by the heirs of the late Herbert Quandt, who rescued it from bankruptcy in 1959 and the heirs have been asked by their bankers, the Dresdner Bank, whether they might not like to float their share on the stock markets. BMW would rather they did not.

Among the less sophisticated industrial majors, the pushing and shoving is already bruising. Klückner-Werke, the steel producer, and Krauss Maffei, the tank maker, are already battling with each other for the rapidly maturing injection moulding machine market

Krupp, which would like to get rid of its diesel engine

moulding machine market

Krupp, which would like to
get rid of its diesel engine
business but finds that diesel
specialists like KHD are no
longer willing buyers, is concentrating its energies meanwhile on "new" materials like
committee about this strucceramics and, through its Atlas tural change except, perhaps, Elektronik subsidiary, building pray that the Germans make a sarange of control, security and mess of it. That may prove too navigation equipment. It is optimistic a hope; but Volkstonian equipment is a control optimistic and the security and the sec

sooner or later, to bring it into further conflict with its steel competitors, which are also experimenting with new materials; and with established electronics glants whose most frequent post-war contact with Krupp has probably been the stainless steel cutlery in their corporate dining rooms.

Mannesman belongs to this

sooner or later, to bring it into

Mannesmann belongs to this less charmed circle largely because it remains bound to its loss-making pipes business. The loss-making pipes business. The company is a leader now in sophisticated hydraulies, has a stake in ANT Nachrichtentechnik with Bosch, and through its Demag materials handling, Kienzle computer and Hartmann & Braun process control subsidiaries is superbly placed to take major shares of the factory and process autothe factory and process auto-mation markets.

But as it displayed with the attempt to buy Dornier before Daimler did, there is an urgent desire at Mannesmann for the very finest technology.

Its chairman, Werner Dieter, remains relaxed, nevertheless. The German market for acquisi-tions is tight "but it is not exhausted," he says. "Probably we will have to look beyond Germany's borders more than we have and and do more of our own production abroad. One way would be to take over other companies. We are open-minded about it."

Many people believe that it is the basic industries which are more ready to be innovative, possibly out of desperation, than their up-market cousins. But, crucially, one analyst says of all German manufacturers that "you often find that companies have all the know-how to get into a new field but they have not been able to put it together."

This is often the fault of profit centres shunning advice from politically weak research divisions. Siemens' research division is believed to have done pioneering work on laser technology and artificial intelligence that was never translated into production

taking a major role in the dealgn wagen's early experience with of Germany's first super com- office equipment is probably

Grand Met's double bet

Grand Metropolitan's bookmak-ing business is not laying any odds on who will become the heir-apparent to Sir Stanley Grinstead, head of the brewing to hotel group.

But there is plenty of unoffi cial wagering going on at Grand Met where it was announced yesterday that a new group chief executive will be appointed by the end of the

Grinstead, who has combined the roles of chief executive and chairman since the death of Sir Maxwell Joseph in 1982, is due to retire within the next three years.

Front runners for the chief executive post are Anthony Tennant, responsible for the group's international operations—which include IDV, the wine and spirits division, and Inter-Continental—and Allen Shep-Continental—and Allen Shep-pard, who masterminds the group's UK activities, which include Watney Mann & Tru-man and Express Dairies. The backgrounds of the two men, both in their 50s, could not be more dissimilar. Ten-nant is an old Etonian whose patrician air helies a flair for patrician air belies a fiair for marketing. His successes in-clude Bailey's Irish Cream and

Sheppard, a graduate of the London School of Economics, worked at Ford, Chrysler and worked at Ford, Chrysler and British Leyland. He is a tough, straight-talking manager who commands widespread loyalty from his senior staff in his development of Grand Met's core UK businesses which have shown good profit growth at a time of relatively flat sector performances. performances.

The major challenge to whoever inherits the crown will be in an area new to both men—the group's US consumer services business, which has aroused considerable scepticism in the City.

Both men apparently have their champions within the licensed deposit-taker which boardroom and the group at large—with each side stoutly charity money.

Men and Matters

cession will soon be decided.
At a time of repeated bid
rumours, it would like to see a
little more salesmanship devoted to the group's achieve

Watershed With trade unions struggling to

with trade unions strugging to regain their strength of yesteryear, it looks as though Nupe, the public sector union, has alighted on a novel approach. Rejecting the paraphernalia of "single union no strike" deals, it could be that Nupe is trying to enlist a fresh force to its side in collective bargaining.

In what is thought to be the first deal of its kind in British industrial relations, Ron Keating, the union's assistant general secretary, a devout Anglican, has arranged for Dr Robert Runcie, the Archbishop of Canterbury, to meet workers, union officials and employers in the water industry.

The high point of the day will be a meeting between Runcie and union officials from four

Sweet charity

water industry unions at which he will give his impressions of the Crossness sewage works.

In spite of all those huge Big Bang salaries, the City's good works still go on, I'm glad to see. The latest is Cafcash, money market fund which has fust been launched by the Charities Ald Foundation, a

believing its man will win.

The City will welcome the for call money and one for news that the race for the suc-



"Serry — we've got Duke Ellington, Count Basie—perhaps he's a pop singer" to attract money from savers

and institutions by offering competitive rates just like any other fund, but ploughing profits into charity.

Michael Brophy, the Foundation's director, expects the funds to reach £50-£100m over the next five years, which he estimates will yield about a quarter of a million a year for

The funds will be run by City Deposit Brokers—a specialist house in sterling deposits. It has set up the systems at it own expense, but will collect commissions on the deposits

Yesterday it was quoting 9.31 per cent for call money and 9.47 per cent for seven-day money, a touch better than a main commercial competitor, Money Market Trust, which

was offering 9.08 per cent and 9.12 per cent respectively.

Clothes pegs

The Princess of Wales, noted for her high fashion, will see today what the rest of us will be wearing next year—bank managers permitting—when she pays a visit to a Courtaulds design studio in London. "She will see our leisure wear clothes that will be in the shops next spring," says Michael Rudman, design direc

tor.

But if Diana wants to buy anything next year she will have to go to one of the big store chains such as Marks and Spencer, or British Home

"We operate on the principle of supplying bulk at a quality and price," says Rudman. "If a buyer cannot put man. "If a buyer cannot pur down a quantity order then we really cannot work with him." That pokey may sound brutal but it has paid off for Cour-taulds. The group is now the biggest supplier in Britain to Marks and Spencer, and also sells under its own brand names
—Lyle and Scott, Wolsey,
Beriei and Aristoc.

Nursing a deal I gather that yesterday's £100m

deal between Guinness Peat Group and Forstmann-Leff was not negotiated in the most pro-pitious circumstances.

Alastair Morton, GPG's chief executive had his wisdom teeth extracted the day before he travelled to New York and he arrived looking like a mugging victim with swollen cheeks and huge purple bruises round his

But his opposite number,
Peter Lusk, was in an even
worse state, He had a huge
gash across his scalp and a
broken arm. The night before,
a burglar had attacked him in
his Long Island home his Long Island home.

A good thing, perhaps, that they managed to clinch the deal without having to bang any

heads together. *Observer*



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ECONOMIC VIEWPOINT

Needed: a policy for sterling

By Samuel Brittan

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THE Prime Minister used to be gered off by German and US very proud that she had vetoed blekerings over exchange and full British membership of the interest rates. But it has indeexchange rate arrangement of the European monetary system the European monetary system the trade figures, pay, credit nearly a year ago. For instance, and money, and the possibility she said at Question Time on of a Labour Government,

October 2 like

"At present there is no intention of joining the European overdone, but mostly have monetary system. To do so originated in London. Intersent there is no intenwould deny us an option that we have at present. If there was speculation against sterling there would be only two ways of dealing with it if we joined the EMS. One would be to use the EMS. One would be to use up precious reserves, which could be done only to a very limited extent. The second would be by sharply increasing the interest rate. We should be denied the option of taking the strain on the exchange rate. I do not think it right to deny us the option at present."

Soon afterwards Mr Andrew Bain, the Midland Bank's

Bain, the Midland Bank's economic adviser, wrote to the Financial Times to point out:
"By staying outside the EMS framework the Prime Minister framework the Prime Minister is leaving the country without a firm monetary standard and jeopardising the goal of low inflation.

"The Prime Minister wants to be able to let the exchange to be able to let the exchange rate take the strain if there is speculation against sterling. But if industry and the unions know that the exchange rate will take the strain, how are they to be expected to bring down the level of pay settle-mente?"

If anything Bain was too kind. For however much prime ministers want "the exchange

to have a policy for sterling is always that we have the worst of both worlds. The UK has had rampant wage in-flation resulting from the absence of a monetary stan-dard. Yet the Government has to use up "precious reserves" —not all of which are shown in the monthly figures.
The Bundesbank has merely

rates, which staying out of the cule compared with is minusstill very much with us.

The pound's more recent weakness may have been trig-

items shuffled according to vention to support sterling and keep down interest rates in the money market (a process which

Mrs Thatcher used to call "printing money") may buy a little time. But it cannot put right the fundamental uncertainty over monetary and ex-

September 30: "The UK official position appears to be that although there is no specific sterling rate they will defend, too sharp a drop would raise inflationary expectations and becomes self-generating." There is no hard evidence of anything more long-term than normal central bank swap operations to finance temporary intervention. finance temporary intervention.

This vagueness lands us in

take the present sterling rate as a basis for planning. How do they know that sterling will not be allowed to drift up again to much higher levels, as in 1985? On the other hand, the foreign exchange market can see no definite floor in sight, is a real option at a time of pressure — as Mr Callaghan found in 1976 and Mrs Thatcher discovered in January 1985 and again this week.

The result of time of sentiment; and British needs gain this week.

The result of pretending not nal interest rates have to be nal interest rates have to be several percentage points above the other C5 countries to guard against the downside risk.

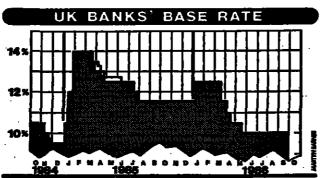
The missing factor in the current discussion is a realisation that sterling has already plunged by 20 to 25 per centagainst the D-Mark in the course of the past 12 months. It is, therefore, no accident that ney has continued to rise

pay has continued to rise lent, not given the Bank of England D-marks. The threat of a sharp rise in interest rates, which staying out of the cule compared with the fall in

The attitude at the root of the present trouble, as it was at the root of the 1985 crisis, is that reported from Washing-ton by Philip Stephens on September 30: "The UK official position appears to be that al-

every kind of trouble. Businessmen have seen sterling fluctuate so much that they are understandably reluctant to

STERLING AGAINST THE D-MARK



per head of 7½ per cent and a rate of productivity increase which, even if we disregard the over-pessimistic CSO figures and take John Muellbauer's estimates, is not more than 3 per cent per annum,

As a result of the plunge in sterling, market forces have allowed employers to settle for the well-established, hopeleasly inflationary and employment, destroying "going rate." The ability to raise sterling prices or increase profit margins, following decreciation, has or increase profit margins, following depreciation, has counted for more than any amount of ministerial exhorta-

The connection between pay and sterling has been missed (a) because of the compartmental-

different subjects and (b) because of the English-speaking obsession with the sterling-dollar rate at the expense of the far more important rate against the Mark.

The Chancellor said at the

DOF that a lower real exchange rate was "part of the mechanism that would lead to the necessary improvement in the avoided the potential inflationary
effect of the depreciation
because of non-recurring falls
in oil and commodity prices.
What the Chancellor should
have said and did not was that
the needed depreciation had run
its course and that the Government was committed to defend

mistake, not in seeing bad news ahead, but in not realising how far sterling has already fallen to take account of it. The pound is now ideally placed for EMS membership, as German officials point out to anyone who asks. It is unforgiveable for the Government to throw the opportunity away because of pre-judice, misunderstanding and political nerves.

Mrs Thatcher is fond of ask-ing what would have happened if she had not stopped Britain joining the EMS a year ago, before the oil price collapsed. As the Treasury finds this ques-tion embarrassing, let me try to answer it answer it.

There would indeed have been an EMS realignment earlier in 1986. The oil plunge created what in Bretton Woods parlance was called a "fundamental dis-equilibrium" at the earlier exchange rate, which would have had to be changed. Politicians might have had egg on their faces. This much I will gladly concede.

But, having fixed a new EMS parity to take account of these forces, we would have had to forces, we would have had to stick with it. Pay increases would have been under effective check and not just subject to exhortation. There would have been a good prospect of maintaining .UK inflation at the present 3 to 4 per cent underlying rate and perhaps eventually improving on it. It is extremely unlikely that any post-election government would take Britain out of the EMS, any more than President Mitterrand did when he came to power in did when he came to power in France. Thus the Thatcher

France. Thus the Thatcher achievement against inflation would have been preserved instead of being thrown away. Now, however, unless a firm policy for sterling is formulated quickly, the prospect is for rising inflation up to and beyond the next election.

Now that the pound is at long last appropriately valued against the Mark a further downward movement would be disastrous for its inflationary effect. But on upward movement would be just as bad because it would hit overease. because it would hit overseas competitiveness.

The way to get the best rather than the worst of the situation is to the sterling to the Mark. This can be done in

three ways.

The Chancellor can insist on something effective a full Cabinet discussion of EMS tionary pay awards.

sterling at its present level, full entry. This is independently desirable for constitutional reasons.

As a normal act of economic policy he can simply announce an objective for sterling against the European Currency Unit, to guide interest rate and intervention policy, an option knows vention policy, an opuon known as "shadowing the EMS."

• He can instead announce a target range against just the Mark, say DM 2.80 to DM 3.

Any such move, however, loses most of its value if it is not announced. Then we

have all the costs of maintaining the chosen objective and none of the benefits of a clear

a link with the D-Mark is not an easy option. Stability against everything is impossible; and the art of polky is to decide where to seek stability and where to tolerate finetuation.

A link with the EMS could have the tolerate the tolerate finetuation. bring broad stability against an area accounting for three-fifths of British trade. But sterling would have to endure finctuations against the dollar, yen and other currencies. It is doubtful, however, if such fluctuations would be any worse

than they have already been.

More seriously, if we try to
stabilise the exchange rate, we cannot hope to stabilise nominal interest rates. Neither intervention, nor ald from EEC funds would be sufficient to maintain sterling's EMS target rate in the face of severe down-

ward pressure.

The apparent sacrifice is much less once it is realised that being outside the EMS has not prevented many severe emergency increases in base rate. Readiness to raise interest rates is part of the price of any counter-inflation policy, whether it operates through the exchange rate, money supply or any other set of intermediate

pjectives. The monetary guidelines have collapsed as a guide to policy Nor is the Bank of England's concern about consumer credit mortgage debt or bank lending an operational guide, unless the Bank has some idea of appro-priate values for these variables and how to obtain them. An exchange rate link with an area or country with a proven reputation is the one way to restore credibility to the Government's sound money goals and to do something effective about infla-

Lombard

Triumph of the conquistadors

By Clive Wolman

IT WAS around the year of our dred and eighty that the first American conquistadors crossed the Atlantic and landed in the of the eastern route from Wall Street to the Japans.

After passing through the industrial wastelands of what, according to legend, was once the heart of a great empire, they were told by the native peoples of a large settlement, flowing with gold, by a river.

The Americans set up their camps on the edges of the settlement. They kissed the ground and marked the spot by planting in it an integrated dealing desk with five interactive screens and a bank of 25 telephone switches and lines. And they named the settlement "the City," after one of their most fearsome one of their most fearsome bands of warriors, the Citicorp.

The invaders were reassured The Myaders were reassired by what they saw. Despite their wealth, the City tribes had not yet invented the computer save as a toy on which to play "Pacman." The use of compu-ters for the sacred purposes of securities trading was forbidden.

The tribal ceremonies intrigued the Americans, in
particular the Ceremony of the
Raised Eyebrows, in which a
High Priestess, called "the Old
Lady" would strike fear into
the hearts of the participants.
Most shocking however was the
human sacrifice. One impoverished and dishevelled band of
liguor-makers from the distant ished and dishevelled band of liquor-makers from the distant north, fieeing marauders, sought refuge with a brewer of dark ales believed by the City tribes to have mystical powers. But after all the liquor-makers had put down their swords, the brewer slew their leaders. And the liquor-makers cried out to the tribes: "Is there not a man among you who will stop the shedding of blood?" And none replied.

Above all the Americans were enraptured by the tales of wealth of the tribe of Throgmorton Street and its leader, Sir Nicholas Goodizuma. From its citadel, this tribe controlled the fate of thousands of others throughout the Middle Time Zone by engaging in a strange ritual which involved the exchange of thousands of pieces of paper between men gathered around hexagonal boxes.

When the Americans entered the citadel and tried to approach the hexagonal boxes, they were speak only to those on the fringes. Thirsting for ven-geance, the Americans began to plot the conquest of Throgmorton and the plundering of its gold.

They formed alliances among the other tribes that had suffered from the power mighty and arrogance of the mighty Goodizuma, They brought into their camps around the City peoples from all the neighbour-ing lands across the sea by ing lands across the sea by offering them gifts from their native soil of embossed "Euro" paper from which small sections could be clipped every six months and exchanged for gold.

They were also assisted by the deep enmity towards Goodi-zuma of the nearby tribe of the Oft. For seven years the Oft besieged the citadel of Throgmorton, before making a treaty with Goodizums which was cunningly designed to undermine the citadel's de-

fences.

The Americans decided to approach the citadel again and this time Goodizuma and his tribe offered them many sacrifices by way of appeasement, including some of their favour-ite sons, Scrimgeour, Vickers

But showing the Americans a little of the gold merely whetted their appetites and they decided to advance their con-quest through stealth. With their allies from neighbouring lands, they disguised themselves as a newly arrived tribe called the Isro and gained entry to the private chambers on the twentysecond floor of the mighty Goodizuma. They seized him, threatened his life and demanded that he deliver his people into the hands of the Isro.

Goodizuma protested but he was compelled to call in his followers and tell them he was parleying with the Isro. For nearly six months Goodizuma remained a captive in his own chambers pleading for his honour to be spared. Finally he went before his followers to announce that a "union" had been achieved. The triumph of the conquistadors was complete

Trade deficit inaccurate

From Mr A. G. Horsnail Sir,—The August trade deficit is not £886m or anything like it. Some quick calculations suggest a more likely trade deficit in the range of £300m-£400m

The Department of Trade and Industry as well aware of this anomaly. Its data is collected from Customs and Excise posts at ports, airports, etc, and uses foreign exchange rates prevail-ing on the dates that the documents are presented, le

Normal business practice, on the other hand, is based on foreign exchange rates prevail-ing at the time business is negotiated; normally four to eight months before goods are despatched. (Samuel Brittan wrote up my work on this subject back in 1977.) Some well-known exporters including British Aerospace, Cadbury Schweppes, Jaguar and Wedg-wood operate sophisticated foreign currency pricing methods which official statistics are unable to record. Similarly well-known importers including Lex Group, Dixons, Lonrho, and RHM bring in goods with foreign currency bought at exchange rates prevailing many

I made representations some years ago to the Department of Trade and the Bank of England to develop systems of reporting which would reconcile Customs and Excise statistics with true costs. The consensus of opinion at that time was that greater accuracy of data did not justify the extra efforts incurred.

When big currency movements occur over a short space of time accuracy of data has a higher

Since the sum of trade data for the 10 leading export nations adds up to minus \$500n, in 1985, improved data collec-tion methods could provide material improvements for economic planning over a wider material improvements horizon. Is it not worth another

Alan Horsnail T. C. Coombs & Co., 22 City Road, ECL

Spare parts law threatens jobs

From Mr W. N. Latey

Sir,-I wonder if your readers are aware of the devastating implications of the white paper on Intellectual Property and Innovation (Cmnd 9712)? If this is brought into law, hundreds of firms in the engineering, electronic and electrical trades will be forced to close,

been distinctly higher (presumthe proposed that original soly to the detriment of equipment manufacturers shall be given five years' monopoly (reckoned from date of first design or manufacture) to been distinctly higher (presumdown in communication with their agents in Japan.

If it is true that European manufacturers dominate the manufacturers dominate the market for ski products in Gosmorth, Newcastle-upon-Tyne.

with the loss of thousands of

Letters to the Editor

supply replacement parts. For the following five years, com-petitors may supply spare parts under licence on terms that are not to be defined by Parliament. If terms cannot be agreed, they are to be settled by adminis-trative decree with no legal redress. Those who supply spares in breach of the pro-posed law face unlimited fines and two-year jail sentences.

Will a UK electric motor supplier be imprisoned for supplying a replacement unit for an EEC sourced machine tool? Will the staff of your local Parteo, Halfords or similar store be fined for selling a Quinton Hazeli suspension kit for your car? And what is to become of the man who repairs your domestic appliances with "non-genuine" parts because the "official" spares are not available or too costly?

available or too costly?

The legislation will encourage the supply of counterfeit, rather than pattern, spares, because suppliers remaining in business will have little more to lose and everything to gain if they adopt a low profile.

It is all very well criminalising business activity that has taken place lawfully for years, but are our ialls big enough to but are our jails big enough to accommodate the newly redundant victims of this legislative Mad Hatter's Tea Party? Before

look again. William Latey. 32 Aynhoe Road, W14.

Overvalued currencies

From Mr W. Grey

Sir.—In his tireless drive to persuade us of the gross and persuade us of the gross and almost chronic overvaluation of sterling (and also, still, of the dollar), Mr Shaun Stewart (September 23) claimed that for the Chancellor (or rather, as he should have said, the Prime Minister) to agree to full membership of the EMS would be "playing into the Germans' hands," and above all that "a fixed rate of exchange that "a fixed rate of exchange could only impede our return to full employment..."

This is curious when, a few days earlier full membership of the EMS had been urged on Britain by the European Commission's director-general for economic and financial affairs, Mr Massimo Russo, hardly to be accused of Mr Stewart's kind of bias, who in particular pointed out that real short-term interest rates since 1983 have been distinctly higher (presumably to the detriment of employment) in the UK than

bers' interests. once likewise (September 24)
pleaded the same cause, point ing in particular to the damag-ing effect of exchange rate fluctuations on UK competi-

tiveness.

If a "fixed" exchange rate is indeed the impediment to full employment that Mr Stewart makes it out to be, then evidently full employment in each country can only be achieved by a free fall of all currencies against each other—which is both impossible and absurd. On the contrary, sound economic management, which includes tell employment. sound economic management, which includes full employment among its objectives, is best promoted (as well as most visibly attested) by exchange rate stability, which also happens to be the only code of international conduct which, unlike Mr Stewart's precept,

12, Arden Road, Finchley, N3.

Sir, — Don't you think that publishing letters such as that by Shaun Stewart are dangerous, showing that at least the Labour Party understands supply and demand capitalist economics. I for one, am prepared to vote Inf one, am prepared to vote Labour if this is their policy—anything is better than the Thatcher experiment.

Ren Bell,

22-40 Brentwood Avenue,

West Jesmond,

Newcastle-upon-Tyne.

Japanese safety standards

From Mr Y. Ochi Sir, — As a Japanese citizen living in London, may I com-

iving in London, may I comment on the Japanese safety standards controversy in your correspondence column recently. I cannot help noticing how ready Europeans are to regard any move by Japan, as discrimination against foreign goods, even when such moves are carried out by an organisation of the such moves are carried out by an organisation. are carried out by an organisation concerned with safety standards. On the other hand, I recognise the insensitivity and nalvety of the organisation in underestimating the potential reaction of foreign manufac-

However, if the safety measures were to be enforced, Japanese companies would be quick enough to manufacture under the newly set standards. The European attitude seems to be to ignore local changes, perhaps as a result of a breakdown in communication with their agents in Japan.

Japan, why do they not make the necessary changes and main-tain their market share? The over-reaction of Europe re-flected in the letter of Mr French (September 26) matches the insensitivity on the Japa-nese side. Every effort should be made to promote communi-cation to bridge gaps in per-Yuko Ochi,

No need for 'A' prefix

From Mr R. Apsion
Sir, — Stuart Lyon's sensible
and timely suggestion (September 27) should be supported by
everyone, especially Mr Graham Day of Rover.

Every year, as the ridiculor change of letter date approaches, we all complain that it distorts the British motor industry, but no one in authority has the guts to break the habit. Our factories have to keep open all year, and work overtime to build stocks for the peak sales date, while their sales organisation has to give discounts for the rest of the year. Importers with quotas can sell all their stock at leisure, without making special

offers.

I believe that New Zealand car owners get a new licence plate of a different colour, showing their county, every year, and in the US the annual licence plates are made in the state prison workshops.

We already have to pay £25 for the plates on a pay #25 for the plates on a pay ward. for the plates on a new car, and the Government could afford to supply them more cheaply, as it would be harder for motorists to dodge paying the so-called Road Fund Tax (no one pre-tends that this tax is for main-tenance of roads since Winston Churchill raided it for the

Churchili raided it for the Treasury 60 years ago).

I only have one query about Mr Lyon's idea; as past president of the Society of Actuaries, he can work out what happens if more than 9,999 vehicles are registered in the same postal. district (there are 20m on the

Robert Apsion. 17, Ganghill, Guildford, Surrey.

From Mr S. A. Middleton Sir,—Your comment (September 22) about registration prefix numbers for motor cars prompts me to suggest that all that is needed is that the number being used on a parti-cular car should be transferred to a new car when an exchange takes place. The second-hand car would then take over the number of the new purchaser assuming that he already owned

a car,
In the case of a first-time purchaser, he would be allocated a new number without We're on the spot in Italy's top locations

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FINANCIAL TIMES

Thursday October 2 1986

FUTURE OF SOVIET UN DIPLOMATS WILL BE DISCUSSED AT REYKJAVIK MEETING

Arms focus for Iceland summit

BY PATRICK COCKBURN IN MOSCOW

MOSCOW said yesterday that it holds particular promise. However, wants next week's meeting between the Soviet Foreign Ministry official President Ronald Reagan and Mr said the Soviet Union was prepared to discuss other topics including reer, to focus primarily on the limitation of nuclear weapons. However, other issues, including the future of the 25 Soviet UN diplomats ordered to leave by the US Administration,

will also be discussed in Reykjavik.

Mr Boris Pyadyshev, the Soviet

Mr Boris Pyadyshev, the Soviet

Foreign Ministry spokesman, told a news conference in Moscow yesterday that the Soviet side sees the 25 Soviet diplomats who were ordered to the soviet of the Corbon. working one allowing Mr Gorba-chev and Mr Reagan to give clear directions to their negotiators to conclude two or three drafts on the limitation of nuclear wearners

Mr Pyadyshev cited the issue of tled at the Reykjavik meeting. ate-range nuclear missiles in Europe as one area which Soviet diplomats accused of espio-

gional issues. Overall, he said, the Soviet Union hoped the meeting "would give a big additional im-pulse" to Soviet-American dialogue and that the time of a visit by Mr

Mr Pyadyshev said that of the 25

nage by the US, "with the exception Union would not publish any details of six or seven all remain on duty in New York." He said that agreement had been reached to try to resolve the question of the numbers of the UN mission in New York at Reykja-

Soviet relations caused by the ar-rest of Mr Nicholas Daniloff, the US reporter, and by the US decision to compromise on the expulsion of the 25 Soviet diplomats, underlines the progress made in 25 hours of talks over the last two weeks in New York between Mr Eduard Shevard-nadze, the Soviet Foreign Minister, and Mr George Shultz, his US coun-

terpart.
The Soviet union is clearly anxious to put the Daniloff affair be-

Mr Pyadyshev said the Soviet

of further charges against Mr Dani-loff. He said that Mr Gennady Zakharov, the Soviet scientist charged with espionage in the US who arrived back in Moscow yesterday, was resting at his home in the capital. He did not rule out a meeting between Mr Zakharov and the

Asked if the Soviet Union intended to allow any other Soviet dissidents to leave the country in addition to Mr Yuri Orlov, the founder chairman of the committee to see that Soviet Union abides by the Helsinki agreement on human rights, Mr Pyadyshev implied that some other cases would be favourably dealt with. Mr Orlov served

UK Labour Party backs end to N-plants

BY PETER RIDDELL POLITICAL EDITOR, IN BLACKPOOL

BBC appointment

sparks controversy

retail price index - a measure that added that it would be wrong to re-

US warning on dollar

trade deficit and the parallel sur-pluses in Japan and West Germany, pressure. The official said it was but added without faster growth still difficult to evaluate the fiscal

backed proposals for an end to the building of new nuclear power sta-tions and for a gradual phasing out

unions mirrors a similar division in West Germany that was only overnow, therefore, a firm Labour Party come after the accident at Cherno-

Last May, West German unions agreed for the first time on policy renouncing the use of nuclear energy. A few months later the opposition Social Democrats (SPD), which when in government built many nu-clear power plants, followed suit. 20,000 votes out of 6.36m cast - to when in government built many nu-However, the Government remains strongly in favour of nuclear power.

Continued from Page 1

ly on the personalities of the chair-

There is little doubt that Mr Hus-

sey comes to the role at one of the

most difficult times in the BBC's

history. Its finances are under threat from Peacock Committee

fee should in future be tied to the

Continued from Page 1

abroad it would not be enough.

would help to erode the huge US trade deficit and the parallel sur-pluses in Japan and West Germany,

He also appeared to signal that the US, while relatively happy with

the present dollar/yen rate, expect-

ed some further depreciation of the

US currency against the D-Mark.
The dollar has reversed the ap-

preciation against the yen that took

place earlier in the 1980s and turned round much of its rise

man and the director general.

THE BRITISH Labour Party con- year on the question of nuclear The UK Labour Party's national

executive statement on its approach was approved by well over the twoof existing plants, despite the mis-givings of several MPs and trade unions in the industry.

The split among British trade

was approved by well over the two-thirds majority required for inclu-sion in the party's programme from which the election manifesto will be drawn.

commitment and contrasts with the pro-nuclear stance of the Conservative Party and the call for a moratorium on new development from the SDP-Liberal Party Alliance (despite internal difference

However, the Labour Party congive a two-thirds majority to a Na-tional Union of Mineworkers' in the nuclear power programme cians and Mr Bill Jordan of the and to reprocessing.

The result was described as "a satisfactory fudge" by one member of the shadow Cabinet. Nonetheless, the vote shows the extent of the shift in both public opnion and Labour Party policy since it was pro-nuclear in the 1950s and 1960s.

Afterwards, Mr Neil Kinnock, the party leader, was at pains to stress in a BBC television interview that the phasing out would be a prolonged process over many years without risking a huge dislocation of power supply or employment.

The debate was by far the most The decate was by far the most impassioned and lively of the conference so far. Nuclear power was supported by several Labour Party MPs, local activists from affected A wide division also emerged (NUM) resolution calling for more areas and by union leaders such as among Italian Socialists earlier this immediate action leading to a halt Mr Eric Hammond of the Electriareas and by union leaders such as

support for the approach agreed by the Trade Union Congress a month ago of reviewing the current posi-tion and meanwhile halting new maclear stations. But this motion was

The opponents of nuclear power were headed by Mr Arthur Scargill, the NUM president, who claimed the NUM president, who claimed the policy would be an election winner after the Chernobyl disaster. He was backed by other union leaders and local activists including Mrs Joan Ruddock, the former chairman of the Campaign for Nuclear However, Mr Scargill's assurance

that no jobs would be lost was com-pared to "a £6 note" by Mr Ham-

Redland buys third

agement the Government and the whatsoever," said Mr Evans. He

up to reasonable limits and was both shrewd and adroit, if not an in-"I can think of 200 worse appointments," Mr Evans said. The author of Good Times Bad Times (an account of The Times shutdown),

was likely to be the sort of BBC

dependence of BBC broadcasters

would in effect seriously reduce its gard Mr Hussey "as the unincipal income.

gard Mr Hussey "as the unincipal architect of disaster at The Times." Sir William Rees-Mogg, until re-Complaints of political bias against the BBC come almost daily. cently vice chairman of the BBC In the past month alone there have governors and former editor of The been two "rows" over the dramati-Times said the appointment was an sation of a First World War mutiny absolutely brilliant choice. Apart and whether or not the BBC tried to from considerable business experislant the script of a planned docuence and affability, Mr Hussey had mentary on the Falklands conflict the toughness to resist the BBCs "blandishments and subversion."

package announced by Japan earli-

looking for further efforts from To-

er this month, and the US would be

Mr Harold Evans, former editor Some other senior Fleet Street of the Sunday Times and now editorial director of US News and World figures were more critical of his record over both The Times dispute and an earlier attempt to introduce Report, speaking from a conference in New York yesterday, welcomed the news. I found him absolutely new technology into the newspaper without any political prejudice industry.

US quarry business BY JOAN GRAY, CONSTRUCTION CORRESPONDENT, IN LONDON

materials producers, has bought vices activities and not its concentration materials business."

company, for £220m (\$317.5m) from the Canadian Imasco corporation.

The purchase is Redland's third group in which BAT Industries of the US - where it is expanding to escape from a static construction market at home - and its second to

be announced this week.

Five days ago Redland said that it was forming a joint venture with Koppers, a US construction materials company, to buy the Coloradobased aggregates business MPM for £24m. This followed its purchase of 80 per cent of the Texas quarrying company now known as Red-land Worth for \$72m in 1983.

Redland plans to pay for the Maryland-based Genstar Stone with a one for four rights issue of un to 53.81m new Rediand ordinary shares at 350p per share to raise ap-proximately £181m. The remainder

will be financed by borrowings.
Redland chose Genstar Stone because, "it is a high-quality aggregates business with all the characteristics we now know to look for of large proven reserves economically located to serve a buoyant market," ages of Genstar real estate in Canasaid Mr Robert Napier, Redland's da and the US remain to be sold.

financial director.

We had identified the company as a desirable acquisition a year ago, but it was not for sale until Imficial also appeared to single out

REDLAND, one of the UK's major in retaining Genstar's financial ser-

group in which BAT Industries of bought Genstar for C\$2.5bn tax will be introduced on credit (US\$1.8bn) earlier this year. It is retaining only one of its subsidiaries, Canada Trustoo, Canada's seventh largest financial institution, and disposing of the remainder.

Genstar Stone's key attractions for Redland are its reserves of aggregates - crushed stone, sand and gravel - and an estimated 30 per cent share of the rapidly ex-panding market in its home state with its \$3.9bn six year road-build-

Robert Gibbens writes from Montreal: Since buying the Vancouver-based Genstar Corporation early this year, Imasco has sold Genstar's waste management business in the US and its Canadian cement manufacturing operation, containe and marine services divisions.

Three more US building materials subsidiaries and several pack-After debt and taxes, Imasco After debt and taxes, images hopes to raise a total of at least C3800m net from the disposal programme to be applied against the gramme to be applied against the through 1987 without too much trouble.

Denmark planning tax on consumer lending

THE DANISH Government of Prime Minister Poul Schlitter will give a new twist to economic policy nest week with its plan to introduc a tax on consumer leading.

This novel idea is intended to re

duce the financing of consumer spending with bank loans and at the same time avoid a rise in interest rates, which, it is feared, would kill off business investment.

The measures, will be presented on Tuesday at the opening of the new session of the Folketing. They are the latest in the country's long struggle to reduce its huge current balance of payments deficit, curreatly running at about 4½ per cent of gross domestic product. The current account has been in

deficit every year since 1963 and not even this year's big reduction in the oil bill has managed to make a dent in the deficit, which was DKr 28bn (\$3.6bn) last year. Mr Schlüter's Govern

resided over a boom in investment and consumption since 1962, with a ca this year is now comfortably substantial rise in employment and through \$7bn. As Hoare Govett a decline in unemployment from about 10% per cent in 1983 to 8 per cent this year. But it is determined to achieve an improvement in the external account without restricting domestic demand so much that inployment starts to rise again.

to avoid measures this autumn which could make next spring's hiennial collective wage negotiations in both the private and the public sectors even more difficult than

While details of next week's meaares are still unknown, the main outlines of the measures have been

umer lending, the other main measure will be an increase in energy sumer purchasing power released by the fall in oil prices.

The measure on consumer lend-ing is expected to take the form of a 20 per cent tax on net interest out goings as these feature on annual UK building sector and have exincome tax returns. Interest on mortgage debt will be excluded, as will loans for business purposes.

A minimum 20 per cent downpay-ment will be introduced for goods cards and hig stores banned from issuing interest-free credit for the purchase of consumer durables.

The measures to reduce lending will be supplemented by savings in-centives, probably in the form of a supplementary interest payment by the state on some forms of longterm savings, such as savings to

They will mesh with a major income tax reform which takes effect on January 1. This will reduce marginal income tax rates for most people to 50 or 56 per cent from the present maximum of 78 per cent.

The reform will make it more advantageous to save and reduce the current incentives to build up debt. The new economic measur less draconian than the record first half current balance of payments deficit of DKr 18hn might seem to call for, but Mr Schlüter can probably count on a normal cyclical im-

sco decided it was only interested Nigeria debt drive hit by oil sales fall

Continued from Page 1

kyo. He added, however, that the package did show that "the Japa-nese Government is aware of its international responsibilities."
In contrast, the US remained un-convinced that West Germany was against the D-Mark," he said.

In an earlier briefing on Mr Baker's speech, a US Administration ofment shown in its latest figures. doing enough to sustain the pace of

at 1 per cent over Libor (London Ineven though no rescheduling could, covered so far by notes. terbank Offered Rate), with maturing the place with export. The news of the Bank's inability

instalments, beginning this month.

The issue of promissory notes was made to settle debts owed to with documents held by the Central But there have been lengthy de- and the DAF. companies not insured by their na-Bank, and only a small fraction - fail in oil revenue, has exacerbated tional agencies. Nigeria has offered around 20 per cent - of the debt in-Nigeria's already acute financial similar terms to insured creditors, curred in the early 1980s has been difficulties.

ties of six years and a grace period credit agencies until the IMF had of two and a half years. The princiendorsed the country's programme pal was due to be repaid in 14 equal for recovery.

But the delay in reaching an agreement with the fund, and the

S African miners in biggest ever strike

Continued from Page 1

He said that he did not know everything contained in the Coun-

Act, Mr Botha said: The principle theme when he said that opening the fact that police were stoned and of own residential areas is the cornerstone of our minority population would push coloureds and poor policy."

cit's report, but added, "You will I plead for the retention of commutative they are throwing stones. Many of have to get rid of this principle."

I plead for the retention of commutative they are throwing stones. Many of them have no water, street lights you get rid of this principle."

In another variation of this Congress. In another variation of this Congress.

city of East London with a strong responsible for the eviction and re- theme Mr Louis Le Grange, the defence of the principle of racially settling of over 100,000 "coloured" Minister for Law and Order who separate living areas.

Referring to the forthcoming report of the President's Council on fended this action as sum clear tors", yesterday blamed the decrepport of the President's Council on fended this action as shun clear-the workings of the Group Areas ance, yesterday returned to this it conditions in the townships for

> "We have to apply security mea sures along with social upliftment Black and coloured townships are "I am pleading for the poor when so often so decrepit it is no wonder

THE LEX COLUMN

Early season of goodwill

For the second time this year, the liscount houses have been invited round to the Bank of England to be force-fed with delectable short-term money at below market rates. So long as the clearing banks can fund themselves at the short end of the market, base rates at 10 per cent should be safe.

Redland

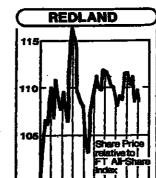
Just when the market thought it was safe from yet another equity-fi-nanced acquisition in North Ameri-ca, Redland weighed in yesterday with a \$317m deal to buy some holes in Maryland, to be financed chiefly through a one-for-four rights issue. The goodwill pur-chased, amounting to over \$200m, would hardly recommend the deal even in a more confident market or one that went overboard for Boots' purchase of Flint or thought Ted assets. Throw in Guinness Peat's purchase of some fund managers in New York yesterday, and the total of UK acquisitions in North Ameri-

points out, the greater part of this has been goodwill. It was more than just underwrit-ing blues that sent Redland's share price tumbling down through the theoretical ex-rights price to close 33p down at 386p - for all the world as if the issue had been a one-for-

In truth, there is no danger that the goodwill at Genstar Stone, a group of Maryland quarries, will walk out of the door, the antiquated book values can be written up to eliminate the bulk of the goodwill, and still leave an awful lot of gravel. Redland's management is pru-

dent and thorough; it is buying high-quality reserves and a domi-nant market share in the Baltimore region. But for these reasons, it has paid a very high price and will prob-ably not be able to achieve the swift pay-back of Redland Worth, bought at a cheaper stage of the US build-ing cycle. Americans seem to know about the cartelised multiples of the nies, that implies some earnings di-lution for Redland.

Earnings dilution should at any acquisition of Forstmann-Leff is ten audio and visual side contrib- market multiple.



for the next three years, which should come through the Guinness Peat tax shelters in Chicago as £5%m of earnings. That looks like adding about 30 per cent to last year's GP earnings in exchange for 3 per cent of its enlarged equity. Good performance from Forstmann over the next seven years could trigger lots of bells and whistles, in-cluding the issue of a great many Guinness Peat warrants, but the deal is carefully designed to ensure that the vendors do best if they do well by Guinness Peat. Nobody is trying to deny that the initial payment of around \$80m is buying a company with tangible net worth of \$1m; a people business certainly, but another large chunk of good-

Amstrad

Over the past few years Am strad's annual profits statement has been the spur to an instant gallop in the shares, as growth has outthe most ardent of Mr Alan Sugar's

This time the market had finally got the knack of drawing straight lines of the necessary angle, and the near fourfold rise in pre-tax profits to over £75m left the share price unmoved at 136p. What is dou-bly impressive is that these profits suggest an increase in operating margins from 14 per cent to 25 per

shareholders in Guiness Peat. Its tox. It apears that the almost forgot-line at roughly two-thirds of the UK

and 20 per cent of profits.

By the end of the year Amstrac was sitting on cash of about £50m about half of which will leak out of the company this year to finance the increased working capital involved in the launch of the revamped Sinclair Spectrum and the new series of business computers.

The only problem with the IBMcompatible business computer is that Amstrad is finding it impossi-ble to match the demand. One likely outcome is that Amstrad may become the first computer company to

increase its prices.

The launch of the business computer range seems not to have dent-ed sales of the PCW word-processur, the driving force behind last year's profits. Amstrad is successfully attacking new markets, necessary if the company is to be more than a speculation on a two-year product cycle. Amstrad should make at least £130m pre-tax this year, putting the shares on a multiple of not much more than eight, which appears to leave room for the traditional pleasant surprise.

Privatisations

The shares in British Gas Corporation have not been priced, let alone underwritten. And market conditions between the underwriting and public subscription are a nystery. Yet NM Rothschild feels able to assure the market that the flotation will be "a huge success." And why not? The seamless flow of hype as TSB turns into British Gas should probably induce the desired public response, even though insti-tutions might prefer to use such old fashioned methods as the reading

The plan to guarantee all custom ers a minimum allocation of £250, could in theory generate £4bn worth of subscriptions. The point bettind the propaganda is presumably to ensure enough of a squeeze on the amount made avau-able to institutions to guarantee a reasonable price in the market once dealings start.

At that point, gas consumers will be hurriedly resurfacing as air-tra-vellers. At least the British Airways Only suggest, because Amstrad campaign got away to a more res-does not believe in breaking down its figures into such items as inter-adviser Phillips & Drew was talking

- ADVERTISEMENT

NEWS REVIEW

OLAS

Integrated Accounting Systems for IBM Mainframe Computers

BUSINESS NEWS **ISTEL orders**

fully integrated system Istel, the computer services sub-

sidiary of the Rover Group, and one of Europe's foremost specialist information technology mpanies, has awarded Quality Software Products a contract worth £14m to supply a real-time integrated accounting system to handle their financial and manageing system to ment information requirements.
The system is OLAS, QSP's General, Sales and Purchase Ledgers, Purchase Order Process-ing and Fixed Assets, which will replace Istel's previous mix of several suppliers' packages and systems developed in-house. OLAS's advanced level of integra tion and true real-time nature is expected to provide completely up to date information for Istel,

 Flying high British Airways were experiencing problems finding an IMS accoun-

ting package for their IBM 3084 frame until recently. They had found very few packages or even in-house developed systems which provided the required scope and flexibility necessary for their real-time sales ledger, and none at

all which met their needs for high volume performance and restart/ recovery integrity. QSP were willing to convert their

• . . [

existing CICS based system to IMS, and the real-time Sales Ledger is due to go live at British Airways Heathrow location next

Kenning Motor Group

sified travel and leisure services tion, has installed the full inge of OLAS real-time accounting systems - General, Sales and Purchase Ledgers, Purchase Orders, Inventory and Fixed Assets - to replace traditional batch systems developed over a

Kenning Motor Group, the diver- KMG identified the need for commanagement information and control, and evaluated all of the leading suppliers of mainframe accounting software (with the assistance of a major accoun based consultancy) before selecting QSP's OLAS.

Worcester Controls

systems to integrate with their sophisticated manufacturing con-

of BTR and Europe's leading annufacturer of industrial ball from among six bidders, because natic actuators, of the high level of real-time has selected OLAS accounting integration and powerful foreign systems to integrate with their currency capabilities of OLAS.

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World Weather

aluminium concern, has been appointed president of the company following resignation of Mr Patrick Rich, the executive vicepresident for Europe, Africa and the Middle East. The appointment puts him in a strong position to succeed to the top job at Alcan in the future.

Walsh takes senior

Union Pacific post

operating officer of Union Pacific Corporation when Mr

Walsh's appointment takes

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David Culver, 61, now president and chief executive will become chairman and continue as CEO. The chairman's position had been vasant since Mr Nathanael Davis retired early this year. All the changes take effect on January 1.

MR DAVID NORTON, one of day-to-day responsibility for had been offered." He said he three executive vice presidents running the worldwide operation on the of Alcan Aluminium, the tion.

Canadian-based, International David Culver, 61, now presidents.

Alcan's European operation

Civil servant for Mitel

MR MICHAEL H. WALSH has been elected chairman and munications equipment supplier chief executive officer of Union Pacific Railroad, third largest British Telecom, has appointed Mr David Golden as non-execurail system in the US
Mr Drew Lewis, currently
chairman and chief executive tive chairman, to replace BTs Mr Derek Vander Weyer, who officer of Union Pacific Railroad, is to retire soon as deputy will become president and chief

chairman of the British group. Mr Golden, aged 66, is a dis-tinguished former Canadian civil servant whose other interests include the chairman-

become managing director of Société Générale de Surveillance in Geneva, an inter-national services company. Mr Rich has been with Alcan 27 years, serving in Latin America, the Middle East and in Europe.

Alcan's European operation to the top job at Alcan in the assumed to be a contender for the presidency. However, he the third executive vice president veterant, will also be Europe and I would not have the president with accepted the position even if it is in the forten.

Alcan's European operation will now report to Mr Morton.

Alcan's European operation will now report to Mr Morton.

MITEL, the Canadian telecom- ship of Telesat Canada, opera tor of the country's communi acquired earlier this year by cations satellites. Mr Goldon a former Oxford University Rhodes scholar, has been a director of Mitel since 1984. He is also a director of Pratt and Whitney Canada, and of Provigo, a leading Quebec retail

In his civil service career, Mr Golden held senior posts in the departments of defence pro-duction and industry.



MR DUANE E. COLLINS (above), is to become inter-national president of Parker Haunifin, which makes finid-

Hauntin, which makes finishpower components and systems
for the industrial, aerospace,
automotive and marine
markets.

Mr Collins, who is 50, takes
up the post on January 1 in
succession to Mr Robert C.
Barnd, who is to retire. He
will have responsibility for
Parker Hanniën's operations
in 18 countries, including
Parker's European manufacturing and marketing activities. He has been with the
company since 1961.

Parker Hanniën had sales
of over £1.2bm in the year to
June 30.

Standards board

Mr Dennis R. Beresford, national director of accounting standards of Ernst & Whinney, the public accounting firm, has been appointed chairman of the US Financial Accounting Standards Board. This corrects an error in last week's Inter-national Appointments column,

Black & Decker chief executive joins board of ITT

Corporatilon, has been elected to the board of directors of ITT, the US communications cor-

Black & Decker is US-based, but operates in more than 50 countries, and is a leading pro-ducer of power tools as well as one of the largest suppliers of household products and small appliances.

appliances.

Mr Archibald, aged 43, joined Black & Decker as president and chief operating officer in September, 1985. He added the septemoer, 1985. He added the title of chief executive officer in March 1986, and was cited recently by Fortune Magazine as one of the 10 most wanted managers in the US,

Before Joining Black &

Joining Black &

MR NOLAN D. ARCHIBALD, Decker, Mr Archibald had been president and chief executive with Beatrice Companies since officer of the Black & Decker 1977.

GREAT WESTERN Financial Corporation, the Californian thrift concern, has announced ing director of Shearson Lehman Brothers, the Wall Street investment house, has been elected president and chief

operating officer.

Mr Maher, 43, has been a director of Great Western since 1976, and from 1973 to 1976 served as executive vice president, finance.

He succeeds Mr Robert B.

Holmes, 54, who recently
announced that he was resign-

ing to pursue other business interests.

Hinton moves up at Mobil

MR JOE B. HINTON, vice president and general manager of Mobil Oil's marketing activities in the US, is to become president of Mobil Europe. He will be responsible for the company's European marketing and refining operations and will succeed Mr Paddy W. Wilson, who is an engineer in 1969 and took rettring after 35 years with the present position in Mrs. retiring after 35 years with Mobil, on October 20.

Senior Accountancy **Appointments**

Financial Sector

From £25,000 + benefits

The Executive Division of Michael Page UK is currently handling a number of senior appointments for qualified accountants in the financial sector. Our extensive client portfolio represents the complete spectrum from international banks through to smaller private institutions.

Should you be contemplating a career move within this dynamic area of the recruitment market, we would be delighted to hear from

Interested applicants should contact Nigel Bates FCA or Philip Rice MA ACMA on 01-831 2000 or write to them, enclosing a comprehensive curriculum vitae and daytime telephone number, at the Executive Division, 39-41 Parker Street, London WC2B 5LH, quoting ref. 355.

Michael Page Partnership
International Recruitment Consultants

Windsor Bristol Birmingham Nottingham Leeds Glasgow & Worldwide Amember of Addison Consultancy Group PLC

Accountancy Appointments

Financial Controller

London

A

This is an outstanding opportunity to join a company positioned strongly in the security market. Turnover is around £10m, it is part of a major group and it is expanding through acquisition and entrepreneurial

c.£24,000

The company is seeking a financial executive whose skills will complement the experience of a management team engaged in developing a profitable operation. The Financial Controller will report to the Chief Executive and have responsibility for financial management, including the preparation of accounts, planning and budgeting and ensuring the implementation of proper controls.

There will be opportunities to become involved in acquisitions and the control and development of

Candidates should be qualified accountants in their 30's to early 40's with experience of a sales company operating a rental and maintenance contract system. You should have an understanding of computer based management information systems and as a manager you should have the initiative and flair for business development and be

firm, practical and results oriented.

Please reply in confidence giving concise caree; personal and salary details, quoting Ref. ER886 to: Michael Fahev

Arthur Young Corporate Recourding, Citadel House, 5-11 Fetter Lane, London EC4A 1DH.

Arthur Young Corporate Resourcing A MEMBER OF ARTHUR YOUNG INTERNATIONAL

TAX AND FINANCIAL SERVICES MANAGER

INTERNATIONAL BANKING

c.£40,000

Our client is one of the largest London based banking corporations with worldwide operations. They now wish to recruit a manager for their high profile technical unit, which forms part of the International Division's Special Financial Services section based in the City.

Joining a team of experts in financial, legal and O.R. matters, the main thrust will be to provide tax and financial advice across the whole spectrum of banking services available to their major corporate clients worldwide. These services would include areas such as international leasing, the use of tax losses, group restructuring, off-shore financing, and the repatriation of overseas profits,

coupled with a strong emphasis on helping to devise and market innovative schemes and new products, requiring close lizison with tax, legal and

accounting specialists worldwide.

Candidates, who should be graduate PCA's in their 30's, must have an impeccable professional background and a wide range of experience and vision in UK and international tax matters. A minimum three year contract will be offered plus cat.

Please write, in confidence, with full details of your experience, quoting reference 3506/2/L, to John W. Hills, Executive Selection Division.

PEAT

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Appointments Advertising

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For further information,

Louise Hunter 01-248 4864

Jane Liversidge 01-248 5205

Daniel Berry 01-248 4782

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Financial Controller **Investment Bank**

c£60,000 + substantial benefits

At the forefront of activity in the City of London, our client is a major investment bank. Controlling a range of financial service activities both in the UK and internationally, the bank is undergoing rapid expansion.

As a senior member of the high quality headquarters team, the Financial Controller will play a major part in the review and financial control of the bank's operations. Working closely with the various business groups and with key responsibilities being the development and presentation of financial and management information, group

accounting and taxation, he or she will assist in the continuing enhancement of computerised systems. The position will have increasing international content and considerable exposure to senior management.

In their mid to late 30s, applicants should be graduate qualified accountants. A background in either financial services or in an international group headquarters would clearly be highly

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/492/TF.

Lloyd Management

GENERAL APPOINTMENTS

appear

WEDNESDAY

Accountancy Appointments appear on Thursday

EUROPE'S BUSINESS NEWSPAPER LONDON · FRANKFURT · NEW YORK

Partnership Secretary

West Middlesex

c.£20,000 + car

This highly respected twelve-partner firm of solicitors, with over 100 staff located throughout Middlesex, Surrey and Berkshire, has a wide range of corporate and private clients.

The high efficiency of the firm's internal administration is of fundamental importance to the level administration. The Partnership Secretary will manage a small team involved in all accounting activities and have full responsibility for the production and interpretation of management information, the control and development of computers and systems.

A qualified accountant in your 40s or early 50s, you must have experience of controlling the finance and administration department of a well-managed organisation, and be able to work effectively at partnership level. Base salary is negotiable and benefits flexible to suit individual circumstances.

Please send career details, indicating current salary, in confidence, to Fiona McMillan, Ref: SSA8/1036/FT.

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Hyde Park House, 60a Knightshridge, London SWIX 7LE. Tel: 01-235 6060 Thies: 27874

FINANCIAL CONTROLLER

development of computerised systems, and

c, £25,000

A young, bright dynamic executive is sought to head up a Division of a rapidly expanding company in the glass industry. Based in the South-West London area, the ideal candidate will be well qualified, highly commercial and ambitious.

SENIOR BUSINESS/ SYSTEMS ANALYST

c. £20,000

All the same characteristics as above, but geared towards systems Please write in strict confidence, giving full details of age and experience, to Carol Speed, Kynaston International, Edman House, 17/19 Maddox Street, London, WIR BEY.

EXECUTIVE

Are you sarning \$20,000---£100,000 p.a. and seeking a

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varied portfolio of
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Full written details to: D. R. GROVES, FCA SHEEN STICKLAND 4 High Street, Alton Hants GU34 1BU or Tel: (0420) 83700

Offices in Alton Farnham. Farnharough and Chichester

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To £30,000 + benefits

CITY

A leading U.S. investment bank, which is currently expanding its role in London and international markets has high profile career opportunities available for ACA's who have outstanding records of achievement in their academic and professional backgrounds.

The ideal candidates will be interested in joining an organisation which offers a dynamic working environment and compensates hard work accordingly.

In addition, individuals should demonstrate strong communication skills and a commitment to career expansion.

If you feel that you have the necessary qualities and would like to discuss these positions further please telephone **Graham Palfery-Smith** on **01-629 4463** (or **01-697 6811** after 8.00pm) or write enclosing a full career history quoting ref GJPS 400 to the address below.

HARRISON & WILLIS LIMITED, CARDINAL HOUSE, 39-40 ALBEMARLE ST., LONDON W1X 3FD. TELEPHONE: 01-629 4463.

Financial Controller

Watford

c. £20,000

Our client, Ealing Electro-Optics plc, is a USM-quoted company which designs, manufactures and markets high-precision optical and electro-optical equipment. With substantial markets in both the UK and the USA, they are presently engaged in a programme of expansion both organically and by acquisition.

They now wish to appoint a Financial Controller who will hold key responsibility for financial and management accounting, budgeting and forecasting. The Group is at an exciting stage in its development and is currently strengthening its systems and controls. The Financial Controller will be directly concerned with a large-scale computerisation exercise and the overall job will encompass many other special

Candidates will probably be in the broad age range of 30-45 with proven experience of controlling a manufacturing operation. They must be able to demonstrate strong interpersonal skills along with the creative flair necessary to make a marked contribution to the company's development.

Please apply to Anthony Jones, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WCZA 1EG, tel: 01-242 5775.

Career

Personnel Consultan

FINANCIAL CONTROLLER/ DEPUTY GENERAL MANAGER

South London

c.£35,000 + car + benefit

This is a challenging opportunity in a newly created position with a very successful privately owned company which has extensive interests in interior design and contract furnishing. The company has grown rapidly to its current £8m t/o and envisages further expansion. The need is to appoint a Financial Controller who will not only develop management information systems and procedures but will also act in a General Manager capacity during the M.D.'s frequent and extensive absence overseas on business. You must be a qualified accountant, entrepreneurial but with a strongly practical streak, and able to relate well in an artistic, creative environment. Previous experience should preferably include an fineg or service industry organisation.

Written applications, enclosing up-to-date curriculum vitae, should be submitted in strict confidence to Eric Sutton at our London address, quoting reference no. 1030/7135.

410 Strand, London WC2R ONS. Tel: 01-836 9501 163a Bath Street, Glasgow G2 48C. Tel: 041-226 3101 India Buildings, Water Street, Liverpool L2 ORA. Tel: 051-227 1412 113/115 George Street, Edinburgh EH2 41N. Tel: 031-225 7744 Brook House, 77 Fountain Street Manchester M2 2EE. Tel: 061-236 1553



Exceptional opportunity in an exciting new plc

Financial Controller

Director Designate

c£30,000 + car + bonus

South West London

Our client is a new company importing high technology computer processing and peripheral equipment. The business is fast moving, high volume and has substantial and proven growth potential. The company has sound financial backing and already has established trading arrangements with leading manufacturers. It is anticipated that turnover will rise to £10 million within 3 years.

that turnover will rise to £10 million within 3 years.

The Financial Controller will be responsible to the Managing Director for all financial matters and will take a full and active part in the management of the company. In particular, he will set up automated financial systems, establish first class credit control procedures, advise on management of funds and recruit appropriate staff. He will also be required to advise on financial aspects of trading agreements — especially minimisation of exchange control risks.

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For further information,

Louise Hunter 01-248 4864

Jane Liversidge 01-248 5205

Daniel Berry

01-248 4782

Candidates aged 28-35 years must be qualified chartered accountants with management experience – ideally in a company trading in electronic components or computer equipment. The successful candidate will also have demonstrable experience in developing, installing and managing computerised financial systems and credit control.

Attractive benefits include a 2 litre car, such as a BMW 320i, bonus, private health cover, life insurance and equity participation. There are excellent prospects for career development and early promotion to a directorship is amicipated.

Please send your CV with current salary details to Richard Brasher at the Maidenhead address below or telephone 9628 75956 for an informal discussion.

Salary neg. to £45K+Car+Stock Option



Appointments Group Finance Director

Advertising Surrey

Our client, is a significant, well established and prestigious Housing, Property Development and Manufacturing Group which has enjoyed consistent profitable growth, and is now well poised for a significant increase in business in the immediate future. They have identified the need to appoint a Financial Director with strong entrepreneurial, financial and business skills to play a key role in the next exciting stage of the Group's progress.

Reporting directly to the Chairman, you will be a member of the top management team and participate in formulating the policy, financial strategy, planning and preparing the Group for a public quotation. In addition you will be responsible for the day to day financial performance and funding requirements of the Group.

Candidates, aged about 40, should ideally be graduate Chartered Accountants with an authorative and innovative approach and possess in-depth financial and policy making experience which must have been gained at Board Level, in a progressive growth environment.

Interested candidates, who match these searching requirements, should send a detailed CV, including current salary, to Don Day, FCA, quoting reference LM15 at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.



Spicer and Pegler Associates

Management Services

Group Financial Controller Director Designate

Suffolk

We have been retained by a growing group of companies who are market leaders in haulage, freight and allied management services. Currently a private enterprise, the group is profitable with a £30m turnover and substantial plans for further development.

A Director Designate is now required to manage the accounting function and co-ordinate all financial matters pertaining to the group. The development of sophisticated systems to improve operational efficiency, at both group and divisional level, and effective utilisation of external financial facilities will also be within your remit.

Aged between 30-45 and probably a graduate, you will be a qualified accountant with broad based

£30,000 package + Car

financial experience of computerised group accounting ideally in an industrial environment. The personality and presence to command respect with a multi-discipline workforce together with strong analytical skills and acute commercial awareness are essential for this high profile appointment.

This is a long-term career move for a suitably qualified professional candidate, offering future directorship and an attractive remuneration package to include a performance related bonus.

Interested applicants should write to Geoffrey Rutland

Interested applicants should write to Geoffrey Rutland ACA ATII, Executive Division, enclosing a comprehensive C.V. and daytime telephone number, quoting ref. 351, at 39-41 Parker Street, London WC2B 5LH.

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HEAD OF CORPORATE ACCOUNTING SERVICES

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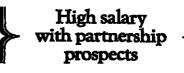
A qualified accountant who will be responsible to the Chief Accountant — Corporate Finance for the operation of the BBC's corporate accounting systems, including treasury, and the maintenance of professional standards throughout the BBC. This is a demanding role which will involve the review and development of the BBC's financial systems to meet both current and future needs.

In addition to extensive experience gained at a senior level in financial and management accounting practice within a large organisation, applicants must be enthusiastic practitioners, used to team work and able to motivate and control some ninety staff.

Based Central London. Relocation expenses considered.
Contact us immediately for application form (quote ref. 2641/F.) BBC Appointments, London W1A 1AA.
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International Trade Group - London



As a result of the rapid expansion of the PW international Trade Group, we require specialists to join us as managing tax consultants to provide international tax advice to our clients and overseas offices.

International tax advice is a vital part of client service, embracing a wide range of international business transactions, mergers and acquisitions, executive taxation and remuneration packages, and establishing business operations in the UK and overseas. You will be an essential member of an expanding team of partners and consultants working with clients and senior PW people throughout the world. As well as providing a high level of tax advice, you will be encouraged to address seminars, undertake

You should have a legal or accountancy qualification and experience of international tax planning. This may have been gained with a large firm of accountants, a commercial tax department or the inland Revenue.

If you are attracted to the challenge, commitment and pace of international tax work, we have outstanding career opportunities. Please complete the coupon below to receive a personal history form and a copy of our new publication, "International Taxation Management and Strategy", or write, with brief CV, to John Townend.

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Accountancy Appointments

Finance Manager

Capital Markets to £40,000 + car

KMG Thomson McLintock Management Consultants
70 Finsbury Pavement London EC2A 1SX

This position is crucial to the continued growth of our client's business. The company is a successful securities house which underwrites and distributes a variety of instruments in the international markets, and is wholly owned by a major international wholesale bank.

They need a qualified accountant to lead their accounting, tax and financial planning functions. Reporting to the Deputy Managing Director, the position will involve the provision of general financial and business advice to senior management. The role will also include the development and enhancement of management information systems in addition to the day to day management of a small accounts department.

You should be in your late 20's to mid 30's, with at least five years' post-qualification experience. This should preferably have been gained within the capital markets or in a financial institution. Good communication and staff management skills are essential, as is a commercial approach.

Please write in confidence to: Jane Woodward, Executive Selection Consultant (ref 7651).

Company Accountant Near Brighton £18,000 + Car + Benefits

The recent acquisition of this profitable £5m turnover manufacturing company by a major UK group has led to a newly created tole for a commercially aware qualified accountant to join as a senior member of the management

Reporting to the General Manager, the position will encompass full responsibility for all financial aspects of the business including developing computerised systems, working capital management and appraisal of new investments. It also offers the opportunity to play an active role in the general management and decision making process of the company, ultimately involving

additional staff responsibility. Suitable applicants will be qualified accountants, aged 27-33, with proven managerial ability and the potential to undertake a challenging position. Experience of export documenation and ECGD would be advantageous.

Opportunities for career development within the company and the group are excellent. A generous benefits package will include a competitive salary, a car, private medical health insurance and a performance related bonus after a qualifying period. Full relocation expenses are available where appropriate.

Interested candidates should contact John Zafar on 01-831 2000 (till 8 pm) or write, enclosing a comprehensive c.v., to Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership

International Recruitment Consultants: London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide Amember of Addison Consultancy Group PLC

Senior Financial Management

Data Processing/Telecommunications

Hertfordshire

£20-25,000 plus car plus benefits

Our client is Northern Telecom, the global leader in the design, manufacture and distribution of fully digital telecommunications systems and integrated office systems.

The Data Systems Subsidiary now seeks to appoint two Senior Financial Personnel to strengthen their financial

 Financial Controller – responsible for group consolidations and head office accounting function. Must have multi-national experience, preferably in data processing environment: First hand knowledge of sophisticated computerised accounting and integrated reporting systems.

- Financial Planning and Analysis Manager - Experience in multi-national market driven company. Strong market orientation. Essential to have experience in data processing/high tech industry. The successful candidates will be graduate Accountants/MBA's aged 27-35 years, who have gained good

systems experience within a commercial high tech environment. These positions offer unique opportunities for long term career development, not only in the United Kingdom

but also within Europe and North America. Interested applicants should write, enclosing a full CV and quoting reference number 12/31 to:-

173 SLOANE STREET LONDON SW1X 9QG

AUDIT OPPORTUNITIES IN INTERNATIONAL BANKING

Our client, one of the leading names in the international banking field, has recently promoted a number of Financial and EDP Auditors in its European Audit team. Consequently it seeks to recruit new audit professionals for this important area.

Working in teams, auditors are exposed to all areas of the bank's activities which are supported by advanced IBM computer systems, Financial auditors spend their time on mainly systems-based audits of business functions: computer auditors are involved with installation reviews, pre-implementation reviews, and technical support to achieve a fully integrated audit.

These opportunities will be attractive to auditors with strong technical skills and superior interpersonal qualities who seek a wide ranging, challenging variety of assignments. Some travel within the UK and Europe can be expected, but should amount to no more than 25%.

Attractive salaries - which will be augmented by usual banking benefits, including a subsidised mortgage - are available to the successful candidates.

Interested persons should write to Darrell Smith, Audit Consultant, enclosing a personal history at the address below. Alternatively, he can be contacted on (01) 831 2288 day or (01) 444 3559 (evenings & weekends). Naturally, all responses will be treated in strictest confidence

Gabriel Duffy Consultancy, Financial Selection and Search, 31 Southampton Row, London WC1B 5HJ

COMPANY SECRETARY

North East Scotland circa £25,000+benefits

Our client, a manufacturing company and part of an international group, is located in the North East of Scotland.

They wish to recruit a qualified accountant to assume control of all aspects of the company's financial and control functions.

The successful candidate will report directly to the managing director and be responsible for developing effective cost control systems and advising on issues of corporate and financial planning strategy.

As a member of the senior management team the postholder will be expected to gain credibility and contribute to the commercial success of the company by interpreting and communicating

management control information to all levels.

They require someone who is self motivated and practical in a demanding environment.

Applications are invited from candidates with at least ten years' post qualifying experience. A salary of c. £25,000 is offered and there is an excellent benefits package. Relocation assistance will be provided where appropriate.

Please write in confidence enclosing career details and quoting reference Albert Gurevitz, Executive Selection Division,

Pear, Marwick, Mitchell & Co., 135 Buchanan Street, Glasgow, G1 2JG.

Head of Finance

LONDON S.E.

Group Financial Accountant

£18k + car

West End

This is a newly created opportunity with a major public company in the electronics industry. The Group has an excellent pedigree, with high quality earnings and

current turnover in excess of £200m.

In recent years the Group has grown rapidly both organically and by acquisition particularly overseas and this trend is likely to continue. You would join a small head office team working closely with the Executive

Management of the Group and whilst your initial tasks are likely to centre on the development of group accounting and management information systems, financial analysis and consolidations work it is envisaged that the role will broaden into other areas including acquisition research and preparation of You should be a qualified accountant and able to demonstrate a sound grasp of

financial reporting systems. The ability to grow with the job and the organisation is considered to be very important. Salary negotiable as indicated plus car, pension and assistance with relocation

Please write in confidence with full career details to Philip Bainbridge, Selection Consultant, ref. B.35029.

52 Grosvenor Gardens, London SW1W 0AW.

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solutions for government departments and large international companies. Applications range from home and overseas information networks using whole range of Office Automation Systems.

The GAP Unit is now searching for a Management Accountant whose brief - to produce a wide mix of accounts, budgets and forecasts whilst monitoring developments and accounting for new product launches - will call for close interaction with Engineering, Marketing and Sales departments.

We hope to appoint a Graduate with at least 3 years of Management Accounting experience in an Operational Company who recognises this as a British Teles

British Telecom's International Products Division is stimulating career move. Someone who will make extending the frontiers of Information Technology full use of the sophisticated database and spread-

The future prospects and the rewards (including Our Government and Advanced Projects Unit: relocation) are attractive as is the lifestyle offered (GAP) works at the leading edge of computer and in Feliostowe . . . low-cost housing, beautiful communications technologies, exploring new countryside and coastline and superb lessure techniques and developing state-of-the-ert facilities.

if you're ready to grasp the opportunity, please phone Roy Gibbs on 0394 693431 or Graham Murchie on 0394 693429 during encryption, telephony, microcomputers and a office hours. Alternatively write to Cetriona Jenkins with your CV at British Telecom, Room 2126, 23 Howland Street, London W1P 6HQ. Please quote ref: FT35.

British

International Products Division

Assistant to Group

Financial Controller

VICTORIA SALARY £18-22,000 NEG+CAR+BENEFITS Rapid progress, development and diversification has resulted in the INTERNATIONAL LEISURE GROUP PLC becoming a major force in the exciting and highly competitive leisure and travel industry. Our Group has experienced strong growth as a result of creative management, continual product innovation and effective management.

ment control.

We now require a chartered accountant with up to two years post qualification experience. The candidate would work as a member of a young, dynamic head office team with a high level of exposure to senior management. The work would cover all aspects of the Group Finance function but with specific emphasis on external reporting and project work and less emphasis on external reporting and project work and less emphasis on monthly management reporting. The role involves a substantial element of tax planning and compliance. Accordingly, the candidate should preferably have had greater than average exposure to tax work during their career. The post is seen as being an introduction to our business leading to a more commercially oriented management position.

To accept this challenge you must be in your mid twenties.

To accept this challenge you must be in your mid twenties, ambitious, highly numerate and have first class communication skills. In return we will reward the right person with an attractive remuneration package.

Write, enclosing full CV, to: Colin Habgood **Group Financail Controller**

Stockley House, 130 Wilton Road, London SWTY 1LQ INTERNATIONAL LEISURE GROUP ple

FINANCE MANAGER

An expanding international fund management company in the City invites application for the above position;

Supervision over the preparation of accounting records for the Company and

 Production of semi-annual and annual reports and budgets for unit trust under our management;

Preparation of statutory returns; Supervision over office administration.

Job requirements:

Self-motivated and dynamic character; Professional qualification in accountancy; At least five years' post-qualification experience, preferably from a similar service industry;

Good communication skills.

Competitive remuneration package will be offered to the successful candidate. Please forward your curriculum vitae with expected salary and a recent photograph to:

Box A0287, Financial Times 10 Cannon Street, London EC4P 4BY

ASSET MANAGERS PLC DIVIDEND CLERK

An experienced dividend clerk is required for a leading fund management company specialising in private client portfolios. The applicant will be responsible for maintaining all client dividend records. Salary will be negotiable according to age and experience. Apply:-Asset Managers PLC, Plantation House, Fenchurch Street, London EC3M 30X, Telephone: 01-220 7231

Age 30-45 £30,000 + car A major company, turnover in excess of £70 million, employing over 400 people and part of an international group wishes to appoint a Head of Finance. Reporting to the Managing Director you will lead a department which is already well established and be responsible for all aspects of the company's accounting and reporting requirements. You will also have responsibility for the further development and implementation of computerised information systems. As a key member of the senior management team you will be heavily involved in the provision of financial and commercial information for the board, and will help to plan and implement strategies for the future. Administrative and secretarial duties may also be included as well as the opportunity for direct liaison with other companies within the international group.

Applicants should be qualified accountants and have wide experience in manufacturing industry. Salary is negotiable at £30,000 and there is a car and other attractive fringe benefits. Prospects are very good. Please send a comprehensive career resume, including salary history and day-time telephone number, quoting ref: 2711 to WL Tait, Executive Selection Division.

△Touche Ross

The Business Partners Hill Hosse, 1-Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Appointments Advertising

£41 per Single Column Centimetre and £12 per line Premium positions will be charged £49 per Single Column Centimetre

For further information, Louise Hunter 01-248 4864

> Jane Liversidge 01-248 5205 Daniel Berry

01-248 4782

Financial Accounting

In a rapidly expanding, major UK retailing group North London c. £20,000 + benefits

Following a recent merger and as a result of the ensuing growth in this well-known group's activities, an exciting opportunity has been created within this small, but dynamic and committed finance team.

As a recently qualified and ambitious accountant, aged mid to late 20s, you will have man-management capability and the ability and confidence to work with management at all levels. Responsibilities will encompass the

elopment of both financial and management ounting procedures, preparation of the

statutory accounts and monitoring of the cash position.
Further duties are likely to include the tax affairs and wideranging ad hoc projects. The role officis man-management experience and excellent exposure to sophisticated computer systems and high-level management reporting.

Success here, added to energy, entimisasm and initiative,

will lead to outstanding career development prospects within this highly-regarded organisation.

To apply, please send cv, indicating current salary to Fiona McMillan,

Ref: \$\$A\$/1065/FT.

PA Personnel Services

Executive Search-Selection - Psychometrics - Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SWIX 7LE. Tel: 01-235 6060 Telex: 27874

Newly Qualified/Finalist

City c£16.000

We are one of the largest stockbrokers in Western Canada and having established a branch in the City we now require a professional accountant to join our team.

Working closely with the Managing Director and the dealers, responsibilities will include day-to-day accounting, cash and trade books, clients statements, liaison with Vancouver head office and the development of enhanced computerised systems. The aim is to develop our operation and the range of products so the role promises interesting assets to the role promises in the role of the role interesting opportunities and challenges in providing the support for these

As a key member of a young, dynamic team good communication skills and a mature but adaptable and flexible approach are essential. The successful candidate will be ready to employ a "shirt sleeves" approach in a hardworking and stimulating environment.

Please write in confidence enclosing career details to M.J. Blaber, Managing Director Continental Carlisle Douglas (UK) Ltd., 12th Floor, Winchester House, 77 London Wall, London EC2N 18E.

CONTINENTAL CARLISLE DOUGLAS (UK) LIMITED

Members Vancouver Stock Exchange, Alberta Stock Exchange, Montreal Stock Exchange, FIMBRA

Ability and experience really can be more important than qualifications

Growth minded Business Finance Professional to manage the Customer Finance Function of a dynamic high-technology company

c£25000

West of London

Quality Car

A substantial part of our client's business involves the on-going supply of computer systems to organisations which, in turn, add value and "sell-on" these systems to end-users. This environment entails the constant review of existing credit, facilities, negotiation of revised finance arrangements and creation of new financing packages to assist the sales effort over all. The objective is to maximise sales with the minimum commercial risk — with all this entails in terms of managing sensitive situations within a framework of conflicting motivations.

We seek, therefore, a person who has the managerial skills to lead and further develop the existing Customer Finance Team—and who has the commercial experience to evaluate the financial viability of small companies, some of which may be under-capitalised. Personal visits to selected customers during the re-assessment process is a vital part of the job. We are describing, therefore, a senior and important role which has far reaching consequences in the development of both our client's business and the businesses of its customers.

Whilst formal Business Credit Management experience together with Membership of the relevant professional Institute would be ideal, selection will ubmately be made on the basis of ability. Depending upon the particular background of the person appointed, a number of paths can provide further career progression. You will be joining one of the world's best known international companies which offers an excellent package with large company benefits. Applicants should write, high-lighting the more relevant experience, to David May at PDL (Recruitment Consultants), Elliott House, 28a Devonshire Street, London W1N 1RF. Tel. 01-486 8991.

PDL Management Selection

Dixons Group plc Group Financial Executive to £22,000 + Car

Edgware

Dixons Group plc need no introduction as a leading force in high street retailing. Its recent and well publicised rapid expansion highlights its dynamic management style and aggressive stance in the marketplace.

Due to the continuing expansion programme, an opportunity has been created for a young, ambitious and nmercially minded accountant to play a key role in the group management team. Reporting to the Group Financial Controller, you will be responsible for reviewing the operations of subsidiary companies and providing financial and business input into the strategic decision

making processes. In addition you will work with Group Senior Management on a variety of ad-hoc and project related assignments. This is an extremely high profile job which will allow the successful candidate to use and develop their initiative, creativity and business sense. Career prospects within the

group are excellent. The successful candidate will be a top calibre ACA aged. ideally 25 to 28 with excellent communication and analytical skills and the ability to succeed in a demanding and stimulating environment.

If you believe you are of the calibre our client requires, contact Tim Forster on (01) 831 2000 or write to him at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership

International Recruitment Consultants London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide Amember of Addison Consultancy Group PLC

Assistant Financial Analyst

PROJECT APPRAISAL-LONDON

We are looking for a Financial Analyst to work as part of a small team responsible for the financial appraisal of capital projects and of other major plans and policies at British Gas Headquarters in central London.

The successful applicant will have a numerate degree and/or an appropriate professional qualification (not necessarily in accountancy) and will have experience in project appraisal probably in a large company. Some experience of using computer techniques would also be

Starting salary will be in the range of £13k to £16k (currently under review). Benefits, including relocation expenses as appropriate, are those you would expect from a large progressive organisation.

To apply, send full personal and career details quoting reference FIN/00095/026, to Liz Randall, Senior Personnel Officer (HQ Services), British Gas plc, 59 Bryanston Street, London W1A 2AZ. An equal opportunities employer.

ENERGY IS OUR BUSINESS

FINANCE MANAGER **EUROPE**

UK based

c.£20,000 + carApplicants must be qualified.

Our US client is opening an office near Heathrow Airport, from which to preferably graduate ACAs with at least control the marketing and distribution three years commercial experience, of its medical equipment and related electronic products to the UK, Europe and the Middle East. They seek a finance manager to join the small executive team. The main tasks will be to establish

and maintain effective accounting and administrative controls, to prepare budgets and cash forecasts for the region against which actual results will be monitored and to look after all local tax, legal and general administrative matters.

ideally related to the importation/ distribution function and the high-tech sector; a good knowledge of the use of PCs is viral. The salary is negotiable around £20,000 p.a. plus car and usual benefits. The post will involve some travel to Europe, the Middle East and Please write in confidence, with full

career details, quoting reference 6521/L to John W. Hills, Executive Selection

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Management/ **Computer Auditor**

PROGRESSIVE HIGH TECHNOLOGY ENVIRONMENT

Salary: c.£19.500 + car

Kent, Surrey, Sussex

1.5

Our client, a British company — part of a very large multinational group, is a world leader in the design and manufacture of high technology products

This senior position arises due to promotion of the previous incumbent. Reporting to the Group Internal Audit Manager, responsibilities will cover management audit and investigations, and the vetting of new computer systems to be installed within the company's factories.

A keenly ambitious person is required who, after initial indoctrination, is able to work entirely on their own initiative. Whilst preference will be given to fully qualified chartered accountants with at least 2/3 years post qualification experience, consideration will be shown to unqualified candidates who have practical experience in public company factory audits, preferably in the electronics industry.

The remuneration package will include a contributory pension scheme and five weeks holiday p.a. Prospects for advancement within the multinational group are exceptional.

Applications in strict confidence with full CV to Brian G. Luxton under

MERVYN
Mervyn Hughes International Ltd.,
Management Recruitment Consultants,
37 Golden Square, London W1R 4AN Telephone 01-434 4091

EUROPEAN ANALYSIS

Accountant

Our client, a well established UK Stockbroker with backing of a major continental European Bank, requires an accountant to join its highly successful and expanding European team.

Candidates should have a financial control or auditing background. Specific knowledge of European accounts would be an advantage.

A good working knowledge of French and/or German also required.

For further details please write or telephone in strict confidence quoting reference SM1561

Rochester Recruitment R Limited

London ECAR 2RP

FINANCIAL SERVICES MANAGER

Thames Valley c.£20,000+car+Bank bens.

Due to expansion and strengthening of the finance function, our client. a leading Finance House, has created a new opportunity for a commercially

Reporting to the Finance Director, the main tasks will be the provision of strategic and financial plans and the appraisal of branch, product and dealer profitability. In addition, the Financial Services Manager will be responsible for heading a department of seven, and developing management information systems. You will also play a leading role in new product appraisals and

acquisition studies. Candidates will be qualified Accountants aged 28-35, and well equipped to play an influential role in the future strategy of a fast moving organisation. Experience gained in financial services with specific involvement in corporate planning would be an advantage.

An attractive remuneration package is offered including non-contributory pension, preferential mortgage facility, private health insurance and a quality

All applications will be discussed with our client and candidates should therefore indicate any organisation for which they do not wish to be considered. Please apply directly in writing to Suzzane Wood.

Robert Half Personnel. Mountbatten House, Victoria Street, Windsor, Berks SL4 1HE. 0753 857181.



FINANCE DIRECTOR (DESIGNATE)

Somerset

Age 30 - 35

c£20,000 + car

This new post arises in an established manufacturing subsidiary (turnover £6 million) of a major group supplying the food and catering industry. The company has recently embarked on a three year plan to move out of its mature market into innovative higher margin products. The policy is achieving initial success and a commercially minded qualified accountant is now sought to take responsibility for the finance, purchasing and administration functions,

The successful candidate will be expected to improve management information systems and to contribute fully to management decisions, Appointment to the board will be based on performance after about 12 months and prospects thereafter will include general management opportunities with the parent group.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref. 2712 to G.J. Perkins, Executive Selection Division.



The Business Partners Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 801L

Group Accountant from £25K to £30K + car

London

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Our client is a highly successful international services company involved in a variety of business sectors throughout the world with a current turnover of £1 billion. An opportunity has arisen for a Group Accountant who will report to the Group Controller and be responsible for the preparation of monthly management accounts, group plans and statutory reports. The introduction of new computer systems and the incorporation and implementation of the latest technical accounting

procedures will also be within your remit. Aged late 20's/early 30's, you will be a graduate ACA. either from the profession or a suitable commercial environment. As a key member of the new financial team, you must be decisive, confident

and able to communicate effectively as you will be working closely with subsidiaries and other head office departments. Sound technical knowledge and the ability to create

computer systems are essential. For a determined individual who is keen to become involved in the broader aspects of an expanding organisation, the prospects for career progression are excellent. The salary will be negotiable depending upon experience and the package will include a company car, BUPA and contributory pension scheme.

Interested applicants should write to Philip Rice ACMA. Executive Division, enclosing a comprehensive C.V. and daytime telephone number, at 39-41 Parker Street. London WC2B 5LH, quoting ref. 352.

Michael Page Partnership

International Recruitment Consultants London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

FINANCIAL CONTROLLER

ACA/ACMA/ACCA + 2 years PQE + non-smoker

Computer Industry

London SWI

c.£25.000 + car +excellent benefits

Our client is the U.K. subsidiary of an American multi-national, a world leader in its particular sphere of state of the art software technology. Rapid growth has lead to the need to strengthen the finance function by the appointment of a Financial Controller, reporting to the Managing Director, to take full responsibility for the day to day running of the department. A key task will be the design and implementation of accounting systems and procedures. The company makes extensive use of high technology equipment.

To succeed in this exciting and vital organisation, you must not only be qualified and have a minimum of 2 years' PQE but a sound knowledge of computer systems and a positive, lively personality. You must also be capable of making a major contribution to the running of the business, Prospects are excellent.

Written applications, enclosing up-to-date curriculum vitae, should be submitted in strict confidence to Eric Sutton at our London address, quoting reference no. 1028/7128.

410 Strand, London WC2R ONS. Tel: 01-836 9501 163a Beth Street, Glasgow G2 4SQ. Tel: 041-226 3101 India Buildings, Water Street, Livarpool L2 ORA. Tel: 051-227 1412 113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744 Brook House, 77 Fountain Street Manchester M2 2EE, Tel: 061-236 1553

Middlesex

c£24.000 + car + bonus

Treasury Manager

We are acting on behalf of a highly successful International Group Headquarters of a major US blue chip company whose exceptional financial stability has been built around aggressive marketing strategies. A specialist in healthcare products, our client has projected a \$150 million turnover in the next twelve months and is committed to further

Reporting to the Vice President and Controller, the Treasury Manager will be responsible for instigating a long term plan to upgrade the treasury systems. The role has an asset management bias but you will also establish a close rapport with the corporate treasury function in the US and develop close relationships with financial institutions in

Aged 26-32, and preferably with an accountancy

background, you must have a proven track record, working in an autonomous capacity within a US multinational. The ability to work effectively to the highest professional standards in a pressurised environment, identify business opportunities and the flexibility to travel are

International prospects with the group are excellent as corporate treasury is viewed as a desirable promotion route to controllership or operational responsibility. If you feel you have the personal presence and personality to meet the challenges of this demanding appointment, please write to Geoffrey Rutland ACA, ATIL, Executive Division, enclosing a comprehensive c.v. and daytime telephone number, at 39-41 Parker Street, London WC2B 5LH, quoting ref. 350.

Michael Page Partnership

International Recruitment Consultants London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

Amember of Addison Consultancy Group PLC

Key financial, administrative, business support role

Commercial Management

c£20,000 + car + London weighting

A leading \$1.2 billion US manufacturer of high technology equipment is continuing to expand its successful UK operations with a policy of regionalising its sales and support functions.

An exciting opportunity has emerged for a high calibre individual with a business related degree or accountancy background to take up a new role as Regional Support Manager based in London. The role will provide dedicated financial, administrative and commercial/ business support to sales, systems engineering and customer service management. In a truly "dynamic" environment, day to day problem

solving, performance analysis and advice on business deals are the key tasks as a central member of the management team.

Aged 27-35 you will have had at least five year's business experience in an administrative/ financial function, in a computerised office environment. Strong commercial awareness and interpersonal skills are vital. The attractive benefits package will include relocation assistance where appropriate.

Please send your career and current salary details to David Edwards or telephone him on

MKA SEARCH INTERNATIONAL LTD MKA House

plus car & other benefits

Ambitious, Articulate

Public Sector

Accountants

Coopers & Lybrand Associates is one of the leading firms of management consultants in the U.K. with an established and expanding role in all aspects of the public sector both in the U.K. and overseas.

We are therefore looking for young, ambitious, qualified account-ants with relevant experience to make a positive contribution to the development of our domestic and international business in the

energy, water and transport sectors. You will be ready to take on a

variety of challenging assignments using your technical skills to diagnose, analyse, and resolve wide-ranging managerial and financial

You will be a self-starter between the ages of 27 and 32 who can demonstrate rapid career progression. You will be called upon to use your personal and technical skills as part of a multi-disciplinary team and be given the opportunity of advancing your own career whilst aiding the continued expansion of Coopers & Lybrand.

We offer a remuneration package up to £25,000 plus car and PPP with further rewards geared to achievement.

If you feel that now is the time to capitalise on your public sector experience and realise the potential built into your career so far please send a résumé quoting ref. F04/14 including a daytime telephone number to Alan Goodman, Coopers & Lybrand Associates, Plumtree Court, London EC4A 4HT

Coopers & Lybrand

to £25,000

INTERNATIONAL FINANCE

High-tech

Cambridge

from £25,000 + car

employees are engaged in product development, manufacturing, sales and support activities, involving several different technologies in locations throughout Europe,

In response to this growth and in anticipa-tion of exciting plans for future development, the following new positions have been areated within the corporate financial team.

International Accountant - Operational Review

Working closely with the Group Finance Director, this new role will entall reviewing the operations and financial performance of

the subsidiaries to ensure conformance to

corporate standards and compliance with best business practices. You will advise and

influence management in all areas of the

This role requires a young, self-motivated accountant, probably aged late 20s, with strong communication state, and offers excel-

North America and the Far East.

The Cambridge instrument Company pic has an enviable reputation for importation in nos an envicible repuration for introvation in the development of scientific instruments, semiconductor equipment and industrial products. This well-known multimational has achieved consistent growth over the last five years. Following the acquisition, earlier this year of Reichert-Jung, Group turnover has more than doubled and now over 3,000

Group Chief Accountant

An ambilious chartered accountant with a high level of technical expertise is sought to take full responsibility for the financial consolidation and reporting activity of the Group, involving close liaison with overseas subsidiaries. Reporting to the Group Finance Director, but with a high level of autonomy on accounting matters, you will ciso monitor currency exposures and taxation aspects within the Group's complex

fiscal structure. An Independent thinker, you should have the ability to develop and refine accounting policies and procedures, and have worked at management level to US and European accounting standards. Ref: \$2AR/4046/FL

siong communication sais, and dies accel-lent career progression as well as extensive international travel. You should have experience of operational sview, ideatly gained in an aggressive audit department of a US multinational. Ref: \$6AB/1947/FE match those of a growing international group, then please send your av quoting the appropriate inference and indicating current salary, to Flong McMillan,

Both appointments have excellent, negotiable salary packages, which include a company car and comprehensive benefits, as well as relocation assistance to this delightful city.

If you the the page and be it is the page and the include it. if you like the page and tritellectual challenge of a high-pressure, high-technology environment, and your ambitions

PA Personnel Services, Hyde Park House, 60a Knightsbridge, London SW1X-7LE. Alternatively, telephone her on 01-235 6060.

Cambridge Instruments

COMPANY ACCOUNTANT SMALL COMPANY — BIG PLANS Guildford

My client offers a quality service to a broad range of business users. The company has an enviable record of growth over the past four years; future plans are increasingly ambitious. As the company grows, so does the need for professional appertise, because

growth isn't simple
But you know this already. You are a young Accountant who has qualified with a large
practice. You may have sampled commercial life first hand or you may be helping
companies achieve their objectives from a professional/consultancy base. You know
about the glamorous side of growth, the implementation of sophisticated computer
systems, the planning towards USM flotation, the cut and thrust of commercial life. I hope you also know about the less glamorous aide, the routine accounting the routine

You also know what's required of an individual who's going to be a driving force within such a company, strength of purpose, an incisive mind, dedication to achieving results and an understanding of people.

All in all, you know a lot. If you want to DO a lot, then contact me, Nigel Murray, either Telephone: (0483) 65568 (out of hours (0780) 67808)



Management Personnel Shaw House, 2 Tunsgate, GUILDFORD, Surrey GU1 3QT

ACAs/Cas/ ACCAs/ACMas/Mbas

neg. to £22,500 plus car

Our City based client has an annual turnover of c.£1,000m which has been built up through a frenetic series of takeovers during the last

TAKEOVER FEVER!

This British Group has major subsidiaries in the UK, UNITED STATES and AUSTRALIA and seeks several young ACAs/CAs/ACCAs/ACMAs/MBAs or equiv. in the age range 23-32 to monitor and review the business operations in each individual subsidiary. Around 10 weeks of

the year will be spent in either U.S.A. or Australia. The successful candidate will have a combination of positive attributes. He or she must be a flexible self-starter, precise, logical, assertive and able to communicate with management at all levels.

Please telephone and send your C.V. to:

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Planning a career move or just looking?

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Tim Wingham, ACA, ACCOUNTANCY APPOINTMENTS EUROPE, 1-3 Mortimer St., London W1. Tel: 01-580 7695/7739 01-637 5277 ext 281/282

REDWOOD PUBLISHING LIMITED FINANCIAL DIRECTOR

25,000 + CAR

Redwood Publishing is a young and dynamic magazine publishing house. Backed by four City venture capital institutions it has, in 3 years, established itself as one of the most exciting new publishing companies in the commercial sector

We wish to appoint a Financial Director who will have total control of our finance and accounting functions. The company operates in a disciplined financial environment and a crucial requirement is the provision of timely and accurate management information. The job also encompasses the duties of the company

Aged 27/35, the successful candidate will have the relevant professional qualifications and commercial experience. He, or she, will be appointed an Associate Director of the company and will be a key member of the senior management team. This will entail sharing in the strategic direction of a company where the main emphasis is on expansion and growth.

The job is based in the company's attractive offices in Covent Garden. Please send a full cv, in confidence, to Philip Sturrock, Chairman, Redwood Publishing Limited, 141/143 Drury Lane, London WC2B 5TF.

Group Financial Accountant

A challenging opportunity for recently qualifieds c.£18,000 + benefitsWest London

This high-technology aeronamical and electrical group is greatly expanding through a strategy of organic growth and tactical acquisitions. Planned future growth has

and tacheal acquisitions. Plantied future growth has created an excellent opportunity for an ambitious, self-motivated, recently-qualified accountant.

Reporting to the Group Financial Controller, this role initially will involve co-ordinating the financial and management reporting of the group, from consolidation and statutory accounting to advising the autonomous subsidiaries on procedures. In addition, you will have incoming in acquisition much and still the control of the group of the group of the autonomous subsidiaries on procedures. increasing involvement in acquisition work and will monitor, for crample, cash-flow, funding, and potential currency and tax exposure.

Excellent career opportunities exist within the group as a result of this expansion, and it is likely

that promotion to a Controllership/Directorship of an operating subsidiary will occur in the short to medium term. You should be an ACA/ACMA/ACCA, aged mid-20s, with the ability to liaise confidently at all levels and work in a highly pressurised environment. It is essential that you have microcomputer experience and the desire to make a positive contribution to the continued success of this organisation.

An excellent negotiable remuneration package which will include relocation assistance is payable, dependent on age and experience.

To apply, please send cv, indicating current salary, to Fiona McMillan, Ref: SSA3/1066/FT.

PA Personnel Services

Executive Search Selection Psychometrics Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SWIX 7LE Tel: 01-235 6060 Telex: 27874

Financial Director -Designate

Not less than £23,000 p.a. plus Rover 2.6 car London SW6

Our client is Mann & Overton Ltd., for 80 years the main supplierand financier of London type taxi cabs and now part of the Manganese Bronze Group.

This energetically directed enterprise seeks a Chartered Accountant to head the finance and computer functions and to act as Company Secretary.

The post calls for finance and accounting experience in a customer conscious business retailing consumer durables and for significant computer familiarity. A motor trade background is highly desirable and a knowledge of insurance and purchase financing

This is an excellent opportunity to join an enthusiastic and expert team and contribute positively to the expansion of this successful and expanding firm.

Candidates up to the mid-forties are asked to write, with a cv and daytime telephone number, quoting reference 1477, to:-

BinderHamlyn MANAGEMENT CONSULTANTS

Trevor Austin, Executive Selection Division Bindar Handyn Menegemen Consultents 8 St Bride Street, London ECAA 4EIA

FINANCE MANAGER c £17,000 + car.

Our client, a profitable manufacturing company, forming part of a major international group, is seeking to recruit an ambitious qualified accountant.

This is an exceptional career move for a young, highly motivated accountant capable of taking responsibility for the entire financial and management accounting spectrum. Working as part of the management team the successful candidate will have the personality and self confidence to provide financial advice within the company, at all times demonstrating commercial awareness

Proven experience gained within a manufacturing environment is essential, as is familiarity with computer systems, standard costing procedures and budgetary

In addition to an attractive remuneration and benefit package including car, this key position carries excellent short and long term prospects with this growing organisation. If you are interested, please send a full CV to: Confidential Repty Service Ref G.M.L.3, c/o Harrison Cowley, 5/7 Forlesse Road, Maidenhead, Berkshire SL6 1RP.

Harrison Cowley SEARCH - RECRUITMENT ADVERTISING - SELECTION

TAX PARTNER DESIGNATE

Hacker Young is an expanding medium sized City firm of Chartered Accountants. Our busy Tax Department, which currently consists of 30 professional staff is undergoing a period of exciting growth and change, being well advanced with computerisation.

We are looking for a professionally qualified Senior Manager who can perform to the highest professional standards, who is commercial, dynamic and forward thinking. You must have very strong corporate experience, a sound involvement in international tax affairs and be able to undertake tax planning assignments.

Salary is negotiable according to age and experience. If you are ready to meet this challenge and are thinking about partnership prospects we would like to hear from you.

Please apply enclosing a full c.v. to:

Edward Greenbury Managing Partner **Hacker Young** St. Alphage House 2 Fore Street London EC2Y 5DH



North West

£15.000 + Car

Assistant to Chief Accountant

Our client is one of the biggest retail enterprises in the UK. Restructuring in the central finance function calls for the appointment of an Assistant to the parent company Chief Accountant through whom reporting will be to the Group Financial Controller. The fundamental job purpose will be to evaluate existing systems and methods and to recommend and implement improved procedures for provision of information to the Group parent Board – all to be based on latest computer technology.

Aged mid-20's upwards and a qualified Chartered Accountant, the successful candidate will demonstrate an ability for creative analysis, familiarity with micro-computers and their capabilities, calsp presentation and a concern for performance to tight deadlines.

We seek an enthusiastic self-starter. In return, our client offers both ample opportunity to grow and a generous benefits package. Assistance will be given with necessary relocation expenses.



relevant data should be sent without delay to the managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 58H, quoting ref. P114.

Performance Management Limited

MANAGEMENT CONSULTANTS

Management Accountant

Join the European Market leaders in welding equipment

ESAB Group (UK) Limited is a subsidiary of a major international company with a dominant position in the market for welding equipment and consumables.

We are looking for a qualified or part qualified Management Accountant to work in the Group's finance department at Waltham Cross, responsible for all aspects of accounting for the central distribution operation. This challenging role involves working closely with management in a highly computerised environment and includes analysis and control of distribution costs, budgeting and stock control.

Ideally aged 26-35, you must be flexible in your approach and looking to develop your career in industry. Salary is negotiable up to c.£17,000 depending on your qualifications and experience.

> Please write with full career details to Mr. John Davies, Personnel Manager, ESAB Group (UK) Ltd., Hertford Road, Waltham Cross, Herts. EN8 7RP.

ESAB ESAB GROUP (UK) LTD

Automotive Aftermarket

West Yorkshire

Following the stimulus of a management buy-out, our client, an aggressive marketing-orientated company and leader in its distributive field, plans to continue the substantial growth achieved since its formation in the mid-70's – turnover currently c. £60 million

As a result an exceptional, qualified accountant, probably aged 28-35, is sought to strengthen the Board in its development role. Emphasis will be on financial and strategic planning and it is therefore essential that the successful candidate has similar or close relevant experience. This may have been gained in financial consultancy, corporate planning or with a financial institution

Reporting to the Chief Executive, the person appointed will be joining a dynamic young team, fiexible and innovative in its approach and optimistic about the future. Prospects are excellent and should include building an equity stake. Relocation expenses are excellent.

To apply, please telephone us in confidence as consultants to the company, quoting Reference 321/FT. (24 hour answering service).

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 2 1986



Bouygues acquires a 10% stake in Spie-Batignolles

tonstruction group, has acquired a that Bouygues has bigger designs westments.

10 per cent stake in Spie-Batignolles, the rival civil engineering concern controlled by the French 57 per cent of Spie-Batignolles sees

Sakheider conglements. Schneider conglomerate, in a fur- its construction subsidiary as one of ther attempt to expand its opera- the "most important" components

construction group, and has an bid for Spie-Batignolles. nounced plans to diversity in the television broadcasting industry, television broadcasting industry, Spie Batignolles through share pur-chases since the beginning of last

year.
The group, with sales expected to total FFr 48hn (\$6.9hn) this year, is understood to have paid about FFr 200m for its stake. It has so far bought 483,875 shares in Spie-Barig-nolles, which posted sales of FFr 10 about 145 M FFr 145m last

large funding

ALLIANZ, the West German insur

Allianz plans

BOUYGUES, the leading French cials and financial analysts suspect stock to finance a series of new in

The Schneider group which owns and founder of the company, has tions.

Bouygues, which recently took over Screg, France's second largest likely to resist any hostile takeover

> ready collaborating with Spie in the Eurotunnel channel fixed link project. Spie's pipeline laying business would complement Bouygnes off-shore oil activities, while its strong electrical businesses would reinforce those of Bouygues.

Mr Francis Bouygues, chairman said he plans to acquire a large stake in TF-1, the French national television channel due to be privatised by the conservative Govern-

gues and Spie-Batignolles would consolidate Bouygues' position as the leading French construction Financial analysts yesterday sug

An eventual tie-up between Bouy-

gested that Bouygues stood to make a strong financial gain from the current operation even if its ultimate designs were thwarted by Schneid er and Spie-Batignolles.

Bouygues has always made it clear that it would not be content to 18.2bn and profits of FFr 145m last year.

Although Spie-Batignolles has so far reacted calmly to the Bouygues move, regarding it essentially as a financial operation, industry offi-

BY CLARE PEARSON IN LONDON

ance group, said yesterday that it might raise more than DM 600m (\$300m) through an issue of profit-sharing certificates before the end Its claims experience so far in 1986 had been satisfactory and on balance good growth had been achieved. The 1986 results would

for Tuesday. reflect these twin factors, the com-While overall growth was good, the group's divisions and regions had put in a varied performance. For example, premium income of domestic non-life insurance had gained 4 per cent in the first eight nonths of 1986, down on the 1985

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consider itself a lender. The spokesman declined to elaborate on the nature of the payment.

Bayerische said that negotiation: on repayment of the sum would

will meet in London to consider Dome's waiver proposals. This follows a meeting Dome

withdraws bid for

Resorts

PRATT HOTEL, the Dallas-based hotel and casino operator, has with-drawn its \$110m bid for Resorts International, the owner of extensive casino and land interests in Atlan-

tic City and the Caribbean. Pratt announced its withdrawal vesterday after the estate of Mr James M. Crosby, the late chairman of Resorts, failed to respond to its \$100-a-share offer. The estate's executors have 44 per cent voting conconcluded that a hostile bid was

doomed to failure. Mr Jack Pratt, the bidding company's chairman, said yesterday that be would not begin a tender offer for Resort's shares, a course which he previously said he might consider. Instead, he said that Pratt would now pursue two other potential casino acquisitions

Pratt currently owns the Sands hotel and casino in Atlantic City and recently acquired a 37 per cent stake in a new Puerto Rico casino. large Atlantic City casino and has announced plans to build another \$400m complex nearby.
It also owns the Paradise Island

hotel and casino in the Bahamas and provides corporate security and eaplane services in the Caribb It has extensive landholdings in Atlantic City and has been regarded by Wall Street as an attractive breakup prospect since the death of its founder, Mr James Crosby, last

spring.
Last month Pratt had offered buy 340,783 Resorts B shares held by the Crosby estate. The purchase was to have been followed by a tender for the outstanding shares at

Mr Pratt said he was "surprised and disappointed" that representa-tives of the estate had failed to re-

September, 1986

Pratt Hotel Montedison chairman faces new battle over La Fondiaria control

BY JOHN WYLES IN ROME

nised by Mr Enrico Cuccia of the powerful Mediobanca merchant up 33.616 per cent of 3 Fondiaria's bank against his purchase of a shares against Mr Schimberni's large shareholding in a Florence 37.5 per cent with another 8.448 per

The battle between the two men is becoming a matter of personal crusades, with Mr Cuccia apparent-ly defending traditional Italian business practices and patterns of financial power and control and Mr an inquiry into the Montedison pur-Schimberni seemingly bent on changing the mould.

At Mr Cuccia's insistence a meeting has been called for this morning in Florence of the shareholders' control syndicate of La Fondiaria. Montedison now holds much the largest stake in Italy's seventh-larg-est insurer following Mr Schimberm's controversial purchase in August of a 12.4 per cent shareholding to add to his group's existing 25 per cent holding.

Mr Cuccia's intention, shared by Mr Schimberni, is to dissolve the control syndicate and to create a new one. As a result, the process looks set to become a bitter and long drawn-out battle for conMr Cuccia has reportedly lined

cent said to be leaning Medioban-

ca's way.
The Montedison chief has been put further on the defensive by an announcement on Tuesday that the Milan chief magistrate has opened chase to ensure that there was no breach of Italian foreign-exchange

According to Montedison's version of events, the controversial packet of shares was acquired from Credito Italiano and Banca Rasini. However, it appears that they were purchased over several preceding months by five Swiss b

institutions: Interallianz, Industrie und Handelsbank, Dow Banking, BFC Bank, Bank Leu, and by Bank Gutzwiller Overseas of Vanuatu. The shares were then reportedly offered to a Milan stockbroker who sold them on through the two Ital-ian banks to Iniziativa Meta, Montedison's listed services subsid-

Guinness Peat expands in US

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MR MARIO SCHIMBERNI, chair-man of Italy's Montedison group, today faces a new offensive orga-ship of Montedison. trol of La Fondiaria whose outcome iary, for L740bn (\$528m). The for-eign institutions are thought to have paid between L400bn and L500bn for the shares, but it is not known if they were acting for their own or someone else's account.

> The magistrate's intervention fol-lows preliminary inquiries by the Guardia di Finanza – the Italian financial police force - and the au-thorities are stressing that no evidence has yet been found of wrong-

> The investigation is unlikely to figure in today's proceedings at which Mr Schimberni, according to Montedison sources, will make a "very strong" statement. He wrote last week to Mr Michele Castelnuovo Tedesco complaining that Mr Cuccia was accusing him and his company of breaking a moral com-mitment.

The 78-year-old Mediobanca director maintains that the Montedison purchase knowingly breached an article of the control syndicate's agreement and that the syndicate should be dissolved and reformed members "and other important Fondiaria shareholders." first-half loss to FFr 460m

RVI cuts

By Kenneth Gooding in Paris

RENAULT Véhicules Industriels. RENAULT Vehicules Industriels, (RVI), the commercial vehicle subsidiary of the state-owned French group, reduced its first-half loss from FFr 800m in 1985 to FFr 480m (\$69.2m), Mr Philippe Gras, chairman, reported yesterday.

He indicated the loss for the full year would be about FFr the com-

year would be about FFr 1bn com-pared with FFr 1.5bn for 1985 and said the group remained on course to break even in 1988.

Mr Gras said during the prelimin-aries to the Paris Motor Show that the first-half result was encouraging in view of the steep drop in ex-port demand - deliveries fell by 17 per cent - which cut turnover by 3 per cent to FFr 8.4bn.

RVI has started another restructuring programme to cut costs further, reduce the break-even level and improve productivity which had already risen from an average of 2.07 trucks per employee per year in 1984 to 2.6 and would be more than three at the end of 1987. This will involve a further cut in the workforce of 2,624, mainly indirect labour, taking it to 19,000 by the end

Mr Gras said RVI would need more money from the parent group to restore its balance sheet at the end of this year. A total of FFr 3.4bn was needed,

Gulf & Western takes \$90m gain

GULF & WESTERN, the US pubgroup, is to take a pre-tax gain of \$90m in its fourth quarter ending October 31 following completion of the sale of the old Madison Square Garden site in Manhattan for \$100m, Renter reports.

The property was sold to affiliates of the Zeckendori, World Wide Holdings Corp. Arthur Cohen and K. G. Land N.Y.

Dome misses payment to West German bank

dollar bonds for a deferral of interest and principal payments, yester-day said it had not made a payment. of about C\$400,000 (US\$289,000) to Bayerische Landesbank, scheduled

Both Dome and Bayerische Lan-desbank took pains to point out that the non-payment would not trigger a chain reaction of "cross defaulting on other loans. Dome said that this would not happen because it had received waivers from lenders of three other loans with respect to non-payment to Bayerische.
But Bayerische Landesbank said

DOME PETROLEUM, the troubled that a waiver was not necessary be-Canadian energy producer which is cause the payment was directly a asking holders of Swiss-franc and credit instalment and so it did not

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Today and tomorrow holders of five dollar bonds issued by Dome

held on Tuesday with its Swiss-franc bond holders, when it asked for an extension of the waiver period until the middle of next year.

GPG stock intended to retain the company's present management for

up to six years.
Forstmann-Leff was founded in 1968 and currently manages some payment in 1989. \$4.5bn of funds, mainly pension GPG shares clo funds and profit sharing plans. It is 80p, up 1p.

York investment advisory company, in a deal worth about \$145m.

GUINNESS PEAT Group, the UK 88 per cent owned by its senior financial services company, is expanding its presence in the US marpanding its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although it indicated year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although it indicates the profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday, the group is not maken ing a profit forecast in connection with the purchase although its financial year ended on Tuesday

cash and issue a sum who was to 2.25p.

note. It will also issue nearly 20m to 2.25p.

shares in the vendors who have if the Forstmann-Leff manage-The acquisition, which will result shares to the vendors who have If the Forstmann-Leff manage-in GPG earning more than half its agreed not to sell them for two ment subscribe for the maximum of profits in the US, is to be paid for with a complex mixture of cash and of 112p next year rising in stages to stock.

160p in six years' time. There will In n

GPG shares closed last night at

years. After that, the vendors will shares under the deal, they will end get the opportunity to buy up to up with 50m, or about 15 per cent of 30m more shares by 1992 at a price the Guinness Peat Group's enlarged In return GPG will receive half of

also be a performance-based cash Forstmann-Leff's revenues after all

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first payment is expected to be made on October 29, 1987. Listing particulars containing information with regard to the U.S. \$125,000,000 8% Notes Due 1993 of Prudential Funding Corporation are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including October 6, 1986 from the Company Announcements Office of The Stock Exchange and up to and including October 16, 1986 from:

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October 2, 1986

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Akzo buys Monsanto chemicals unit

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fi bres company, has bought the pa-per chemicals business of Monsanto, the US chemicals giant, for an

undisclosed amount. The acquisition is in line with Ako's strategic policy of strengthen-ing its special chemical operations, making the Dutch company the world's second-largest concern in paper chemicals behind Hercules of the US. The Monsanto business, led by FRP Company of Baxley, Geor-gia, also fits in with Akzo's desire to expand its overall US activities.

FRP makes special resins used in paper, printing inks and coatings and employs 100 people. Akzo de-clined to give the company's turn-over. Monsanto will continue to produce selected paper chemicals at its Nitro, West Virginia, plant under

Akzo also refused to reveal its current sales in paper chemicals, which include Pioneer Chemicals of the US, a maker of defoamers, de-bonders and sizes. In Europe, Akzo Chemie manufactures resin sizes, surface sizes and alum

The Arnhem-based Dutch company still is believed to be looking for further US acquisitions to rebuild its sales there after last year's sale

FEW FIREWORKS EXPECTED IN W. GERMAN PRIVATISATION

IVG flotation to raise DM 163m

tion of property, transport, oil stor-age and research activities.

Through the sale of 45 per cent of the shares in IVG, or Industrie Versuse price since the state reduced its waitungs. Gesellschaft - roughly shareholding. translatable as Industrial Manage-ment Company – the Government will raise some DM 163m (\$81m).

Neither the company nor the is-suing consortium headed by Dresdworks from the issue, which was priced yesterday at DM 165 for each share of DM 50 nominal worth.

The fact that the issue is not a cross one.

IVC's executives were at pains yesterday to emphasise the reliable, if unspectacular, nature of the

director of Dresdner Bank, when you are looking for a sensible invesiment for your children." Because IVG is so little known

Shares of VIAG, which has interests in chemicals, energy and alu-minium, have traded below the is-

The price set for the IVG shares was below that expected in some stock market circles, reflecting the recent weakness of stock prices and the fact that the issue is not a glam-

It is the sort of share to be bought, said Mr Alfons Titzrath, a director of Dresdner Bank, "when you are looking for a sensible investment for your children."

The arrent companies in the performance.

Group turnover was DM 558m last year (no comparison is available) while group pre-tax profits were 14 per cent higher at DM 43m.

The arrent company made net

terest either.

But IVG and Dresdner are hoping that the IVG shares will do better than those of VIAG, another state-

growth and a secure yield."

Thus, he added, the shares "are not a speculation." This year's dividend is forecast by the company at DM 7, or 14 per cent, giving a 6.6 per cent yield after tax relief at the placing price. Last year's dividend was DM 6.

IVG's main business is property management. It has around 1.2m square metres rented to 650 tenants on 40 different sites around the country. These produce a turnover of just over DM 100m a year. Originally set up to provide mili-tary and other services to the Ger-

man Government, IVG has moved more and more into the private sec-It owns 3,400 railway wagons for transport of specialised cargoes, has nine oil storage depots with a

over Panei blocked a possible bid

from Mr Maxwell for one year, ruling that he acted in concert with

of a large minority stake implies continued interest in Extel.

merchant bank Samuel Montagu, acting for Norton Opax, warned against making too many assump-

tions about Mr Maxwell's motive.

"He's such a complex personality

He added, however, that, if Mr

Maxwell's stake was a preamble to

acquired by his company, the British Printing and Communication

Corporation (BPCC), rather than

Mr Maxwell and Norton Opax ave met before. In 1983 Norton bid

for John Waddington, the UK board games group, which then attracted a higher bid from BPCC. Norton

eventually sold its stake to Mr Max-well. A good omen for McCorquo-dale – Waddington then escaped

a bid, it would probably have be

it's very difficult to guess what he is

up to," he said.

Nevertheless Mr Clive Chalk of

erger. However, his retention

total capacity of nearly 860,000 cufull year's result to be better than that of 1985.

Mr Gunter Nastelski, a director bic metres and rents out space for fixel storage in underground salt caverns in northern Germany.

THE LAST company to be offered, owned company which was partialin part at least, to investors under
West Germany's cautious privatisadentally, the issuing price was also
tion programme is a mottey collecDM 165.

IVG also owns 74 per cent of
IABG (Industrianlagen-Betriebsgeacterised by "solidity, low and manacterised by "solidity, low and manageable risk, the long-term nature
of its business, moderate steady
which carries out research and testing work on defence and civil projects such as the Leopard tank and

The proportion of shares being privatised - nominal share capital was recently lifted from DM 75m to DM 110M - corresponds approx-mately to the proportion of IVG's turnover that is now outside the

public sector. With a general election to be held next January, IVG will be the last privatisation in this legislative session. Mr Gerhard Stoltenberg, the Finance Minister, is keen that more chunks of state industry should be sold off to the public.

However, even if the present conervative Government wins it expected victory, further share sales Local political interests, such as those of the state of Bavaria under

will not be that easy to achieve. Mr Franz Josef Strauss, have al-ready hindered a sell-off at Lufthansa, the national airline.

Pacific Bell in expansion agreement

PACIFIC BELL, a unit of the Pacif ic Telesis telephone holding company, has entered into a memorandum of understanding with Integrated Technology, of Texas, and Tandem Computers to develop advanced telecommunications network systems for use in its network, ag-

Under the memorandum, Pacific Bell will purchase a 24.5 per cent interest in Integrated Technology, a developer of new network software technologies. Tandem will increase its holdings to equal that of Pacific Bell's, but no figures on amounts to ested were made available.

 A Massachusetts busine Mr Sumner Redstone, has applied to the Federal Trade Commission to boost his stake in Viacom International from nearly 10 per cent to as much as 24.99 per cent.

In a filing with the Securities and Exchange Commission, Mr Red-stone and other executives of National Amusements, the cinema chain he controls, also said Redstone had met other parties seeking to buy Viacom, a big TV station group which is facing a \$2.78bn

● LTV, the big US steel, energy and aerospace group, can continue pay-ing retired workers' benefits for a six-month grace period while it re-organises under Federal bankrupt-cy laws, a New York judge has

US District Judge Mary Johnson
Lowe yesterday refused a request
by 21 banks that she throw out a
bankruptcy judge's order allowing
the payment plan. The banks contended the order volated proper procedure because they were not given enough time to respond, and argued it was contrary to bankrupt-

Maxwell enters bid contest for printer

BY DAVID GOODHART IN LONDON

MR ROBERT MAXWELL'S attend- make a take-over by Mr Maxwell ance yesterday at the British La-bour Party conference in Blackpool did not prevent him indulging his favourite pursuit of causing confu-sion in the City of London through late entry into a contested takeover

Mr Maxwell, publisher of the UK's Mirror Group Newspapers, announced that he had acquired a 5.9 per cent stake in the printing group McCorquodale which is attempting in fight off a heetile hid tempting to fight off a hostile bid from fellow printer Norton Opaz.

However, Mr Maxwell is believed not to be interested in making his own bid for McCorquodale – which would almost certainly attract the attention of the Monopolies and Mergers Commission - but rather to block the intervention of Extel, the printing and newsagency group, in which he has a 26 per cent stake.

Last Friday, when Mr Maxwell acquired his 3m shares, McCorquo-dale announced " dale announced it was in discus-sions with another company over a possible merger to save it from the unwanted attentions of Norton Opax It is widely believed that the other company is Extel.

Extel's interest in a deal with McCorquodale would be, in part, to twice from BPCC.

Production falls at American Motors

AMERICAN Motors, the Michigan motor group in which Renault of France has a 48 per cent stake, said its monthly US car production declined in September to 4,129 from 11,497 in the same year-ago period.

It said year-to-date domestic automobile production was 41,984 compared with 87,349 in the 1985

AMC said September's jeep production was 25,380, up from 22,816 a year ago. Year-to-date jeep production was 140,828, down from 167,547 in the 1985 period.

Lafarge Coppée trebles profits more difficult. Following the De-merger Corporation's failed £170m bid for Extel last April the Take-

By David Housego in Paris

LAFARGE COPPÉE, the large French cement group which has been expanding its biotechnology activities, yesterday announced a threefold rise in first-half profits. The group said that net consolidated profits during the first six months rose by 227 per cent to FFr 576m (\$86.7m) excluding minority

interests. Turnover during the period dropped 14 per cent to FFr 7.9on on the basis of current exchange The group says, however, that on the basis of an unchanged ex-

change rate, and comparable structure, turnover rose by 5 per cent during the six months period. The sharp profit increase stems from the group's cement activities in North America, France and Bra-

By contrast, first-half profits on Lafarge's biotechnology interests were down compared with the first half of 1985 – which in any case benefited from exceptional items. Consolidated operating profits rose by 153 per cent to FFr 600m.

YOKOHAMA ASIA LIMITED (Incorporated in Hong Kong) U.S.\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1994



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October 2, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

1st October, 1986

U.S. \$15,000,000



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AB Svensk Exportkredit (Swedish Export Credit Corporation)

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For the period 30th April, 1986 to 31st October, 1986 the Notes will carry an Interest Rate of 6.7268% per annum with a coupon amount of US\$343.81 per US\$10,000 Note payable 31st October, 1986.

Bankers Trust Company, London

Agent Bank

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

Kansallis - Osake - Pankki

(Incorporated with limited liability in Finland)

Yen 15,000,000,000 Subordinated 8½ per cent. Bonds due 1993

Issue Price 118 per cent.

Nomura International Limited

Daiwa Bank (Capital Management) Limited

Kansallis Banking Group

Mitsui Trust International Limited

Prudential-Bache Securities International

INTERNATIONAL COMPANIES and FINANCE

Nippon Kokan buys stake in engineer

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profits

By David Housey:

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MK (W)

NIPPON KOKAN, the big Japanese steel group, has taken up a minerity helding in Hamai, a financially hard-pressed machine tool manufacturer, in a move which strengthens its efforts to diversify into engineering

NKK will take up a special new allotment of 2.46m Hamai shares, giving it about 9 per cent of the smaller company's equity, and making it one of Hamai's two biggest shareholders along with Yasuda Mutual Life Insurance. NKK is understood to have an option to raise its stake to 20 per cent at a later stage. Hamai, which incurred. 20 per cent at a later stage. Hamal, which incurred a loss of Y51m on sales of Y4.9bn (\$31.7m) in the six months to March 31, is a specialist in numerically controlled machine tools, machining centres and factory automation products. Its financial performance has been severly depressed in recent months by the appreciation of the yen.

yen.

NKK, in addition to its steel business, has been diversitying in recent years into other areas including machinery. Sales of this division are projected to reach about Y20bm in the current business year.

The tiarra harman the two The tie-up between the two

Ssangyong to take 19.8% of **Dong-A Motor**

SSANGYONG Comest Industrial, the South Rorean conglomerate, has agreed in principle to buy a 19.2 per cent stake in Dong-A Motor, the country's eldest bus and special vehicle builder, for between 15 and 20hn won (\$17m to \$23m) as the first step towards a full takeover, agencies report from Seoul.

Ssangyong Coment or one

agencies report from Seoul.

Ssangyong Cement or one of its subsidiaries will sign an agreement with Dong-A this week. The purchase will give Ssangyong management cantral of Dong-A.

Dong-A, South Kurea's fourth largest motor manufacturer, is capable of producing 7,000 buses, trucks and special vehicles a year. It has a net profit of 1.24bm won on sales of 67.07bm won in 1985.

VW expects record group sales of 2.8m vehicles

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN PARKS

THE Volkswagen Audi group this year stands a good chance of beating its 1979 sales record of 2.553m vehicles. When models from Seat, the previously state-owned Spanish group which became a VW subsidiary in June, are taken it is account, the group's output is expected to top 2.8m vehicles in 1986.

ing up into a new scale of production and sales, through which even our position gained in 1985 as the leading manufacturer. in Western Europe will be built on," he said at the runup to the Paris Motor Show.

One cloud on VW's horizon, however, comes from the bad publicity about its Audi 5000 reached about 2.65m.

Mr Schmidt reported that two capital expenditure—excluding that for Seat—first half of 1986 compared with the same period of last publicity about its Audi 5000 representing 8 per cent of sales.

expected to top 2.8m vehicles in 1986.

Next year, according to Mr Schmidt, director for worldwide sales, there should be another advance of up to 10 per cent in group sales.

Worldwide daily production is currently more than 12,000 tars and the VW group "is moving up into a new scale of production and sales, through which even our position gained in 1985 as the leading manufacturer in Western Europe will immed by 60 per cent in the

was the only part of the VW

Mainly as a result of this publicity, US sales of the Audi 5000, known as the Audi 100 in Europe, are expected to drop from last year's 74,000 to about 60,000 in 1986, said Mr Schmidt. clear some bottlenecks. The group had also squeezed out more car production from Seat, and by starting output of the Jetta car alongside the Golf in the US factory at relatively short notice, had "We can sell the surplus cars in other markets," he added, but admitted that Audi obtained an additional 25,000

cars for Europe . Mr Schmidt said that the icensing deal for Nissan to produce the VW's Santana in Japan from German components would have to be renegotiated would have to be renegotiated during the coming year. Although the arrangement had not lived up to expectation—annual sales of the Santana in Japan are only about 12,000 compared with the 20,000 hoped for — but "there is a 50 per cent chance" a new deal will be negotiated.

Talks with Ford about a posbe built on," he said at the runup to the Paris Motor Show.

One cloud on VW's horizon,
however, comes from the bad
publicity about its Audi 5000
models in the US, where the
company is streamously denying
allegations that the models can
accelerate without warning.

first nam
with the same period of last
year to DM 2.3bn (\$1.13bn) smoothly, said Mr Schmut
representing 8 per cent of Work on a business plan was
likely to show the concept was
on new products and revamping
factories but not to increase
production capacity only to

Foreigners hail Malaysian incentives

FOREIGN businessmen and bankers have welcomed the incentives, announced by Dr cent of its products; sell at least 50 per cent of its products; sell at least 50 per cent of its products; sell at least 50 per cent of its products; sell at least 50 per cent of its products; sell at least 50 per cent of its products; sell at least 50 per cent of its products to commit panies in the Malaysian free trade sones or licensed manufacturing warehouses; employ more turing warehouses; employ more than 350 full-time Malaysian workers; or adopt an employment policy at all levels reflecting the racial composition of the Malaysian leadership took further steps to create confidence and stability.

In cases where foreign equity in the panies in the Malaysian economy, in the right spirit, and the Malaysian leadership took further steps to create confidence and stability.

In cases where foreign equity in the panies in the Malaysian economy, in the right spirit, and the Malaysian leadership took further steps to create confidence and stability.

In cases where foreign equity in the panies in the Malaysian economy, in the more liberal rules represent, a "radical departure" of the limits foreign equity to 30 per trade sones or licensed manufacturing warehouses; employ more than 350 full-time Malaysian economy, in the right spirit, and the Malaysian leadership took further steps to create confidence and stability.

In cases where foreign equity in the more liberal rules represent, a "radical departure" of the limits foreign equity to 30 per trade sones or licensed manufacturing warehouses; employ more than 350 full-time Malaysian ments to revitalise the depressed Malaysian economy, in the more liberal rules represent, a "radical departure" of the limits foreign equity to 30 per trade sones, and in the Malaysian free trade sones or licensed manufacturing warehouses; employ more than 350 full-time Malaysian in the Malaysian free trade sones or licensed manufacturing to continue the importance of fresh foreign equity to 30 per trade sone

in cases where foreign equity is less than 100 per cent, the balance and stability.

Dr Mahathir told a group of balance to be taken up by businessmen in New York that new investors could retain up to 100 per cent equity in their to 100 per cent equity in their ventures in Malaysia if they met one of the four conditions.

In cases where foreign equity is less than 100 per cent, the balance to be taken up by businessmen in Cases where foreign equity is less than 100 per cent, the balance to be taken up by businessmen in Cases where foreign equity is less than 100 per cent, the balance to be taken up by businessmen in Cases where foreign equity is less than 100 per cent, the balance to be taken up by businessmen in New York that the New Economic policy guidelines, but again, the rules will be applied "without undue one of the four conditions." their expertise and overseas markets," said Mr Tan Keok Yin, executive director of the Federation of Malaysian Manu-

C&W to control Barbados Telephone

BY TONY COZIER IN BRIDGETOWN

Atlanta, Georgia.

The deal follows two days of talks

THE BARBADOS Government has ment in the region. It already consupproved the purchase of a majoritrols a 55 per cent shareholding in the Barbados Barbados External Communication The remaining shares are divided between the Government and private and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. The seller is Government and operates the televolution of the UK. Continental Finance Corporation of phone services in most of the Leeward and Windwards Islands.

between the Government and C & Continental owns 85 per cent of plans to seek a listing on the Hong with the shares in the telephone comparing stock the shares in the telephone comparing to Cable & Wireless and the Hong will not involve a new issue of the wireless' considerable invest- year. No figure has been given offi-

Earnings well ahead at Bank Indosuez

By Paul Betts in Paris

BANK INDOSUEZ, the French international banking group, yesterday reported net after-tax carnings of FFr 607m (\$91.4m) for the first half of this ween

for the first half of this year.

The bank said there were no comparable figures for the first half of last year, since like other major French hanks, Indosuez is reporting con-solidated first half results for the first time. However, the first

the first time. However, the first half profits reflect a strong advance since the bank reported net earnings of FFr 625m for the whole of last year.

Indosuez said a substantial part of the advance in profits came from financial operations and the sale of securities.

The bank added that its earnings this year were likely to show a strong advance over 1985. It also reported that total pre-tax revenues from current

pre-tax revenues from current operations had increased by 20 per cent in the first half to FFr 4.4bn.

Pallas Group buys stake in Tradition

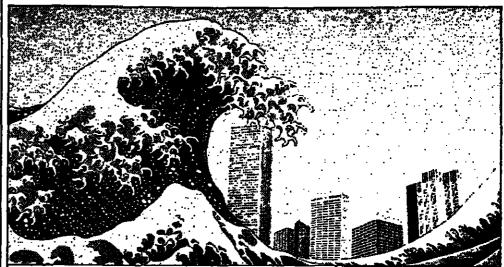
By Our Financial Staff

THE PALLAS GROUP, controlled by Mr Pierre Moussa, has acquired a 17 per cent stake in Compagnie Financière Tradition, the Lau-sanne-based financial services

Swiss and French institutions and makes Palias the group's third-largest shareholder. Others are Tradition Associates with 26 per cent and the Levy family, which founded the group, with 20 per cent. Public shareholders own 37 per cent.

MIM Holdings

An article in the FT yesterday which concerned Canadian Pacific's sale of shares in Cominco inadvertently said that MIM Holdings had an interest in the Broken Hill mine. It should



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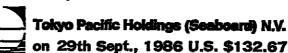
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Weekly net asset value



Listed on the Amsterdam Stock Exchange

er: Pierson, Heidring & Pierson N.V., Herengracht 214, 1016 BG Ametr

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AIBI	BOND	INDICE	5	
WEEKLY EUR	OBONES GUIDE	SEPTEMBE	R 30 1586	
	Redemption	Change	12 Months	12 Months
	Yield	on Week	High	Low
		%		
US Dollar	8.912	-0.380	10.830	8.738
Australian Dollar	14.363	-0.181	14.630	12.830
. Canadian Dollar	10.430	—1.296	11.820	10.373
Euroguilder	5.983	1.184	6.400	5.913
Euro Currency Unit	8.451	-1.308	9.524	8.164
Yen	6.3 46	-0.549	7.250	6.207
Stérling	11.063	-0.530	11.932	9.751
Deutschemark	6.442	0.249	7.210	6.318
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This announcement appears as a matter of record only.

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U.S. \$550,000,000 Multiple Facility

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August 29, 1986

CITICORP INVESTMENT BANK

These securities having been sold,

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U.S. \$100,000,000 Republic of Finland

75/2 per cent. Bonds due 1996

Citicorp Investment Bank Limited

Prudential-Bache Securities International

ASLK-CGER Bank

Bank of Tokyo International Limited Banque Nationale de Paris Baring Brothers & Co., Limited Crédit Commercial de France

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S.G. Warburg Securities

September, 1986

CITICORP INVESTMENT BANK

Investors favour short-dated deals

wore off. In particular, the market reacted with indiffer-

But short-dated bonds can still find favour with investors and Citicorp Investment Bank for its parent Tokal Bank, which was partially pre-placed. Terms and Citiconp Investment Bank took advantage of this with a three-year deal for European will be fixed on October 13, but the indicated coupon is 2\frac{1}{2} points over the yield on comparable US Treasury bonds. It traded within the fees at a bid price of about 99.90.

Meanwhile, Credit Suisse First Boston and Morgan Stanley found less enthusiasm for their deals respectively for Citicorp and Mony Funding, a subsidiary of Mutual Life.

Both issues provided initial for its parent Tokal Bank, which two parent Tokal Bank, which was partially pre-placed. Terms will be fixed on October 13, but the indicated coupon is 2\frac{1}{2} per cent.

A long-expected Y60bn deal for Triple A rated Norway emerged yesterday, led by Furched at 101\frac{1}{2}. Some dealers said these terms were aggressive but the lead-manager to issue price equivalent to the 1\frac{1}{2} per cent fees.

Both issues provided initial

Continuous trading for

BORROWERS returned to the Eurobond market yesterday as prices rose following overnight gains in the US Treasury bonds at launch. Citicorp's \$200m seven-year market. As well as a crop of Eurodollar bonds, two large deals were arranged for sovereign borrowers in the D-Mark and yen sectors.

But many of the new deals suffered during the afternoon as the market's initial euphoria wore off. In particular, the

wore off. In particular market reacted with indifference to new offerings for US financial institutions, which have been long out of favour, and to deaks with long maturities.

Nomura met lacklustre demand for its me

In the French franc market, fees.

be reset every five years. There are investor put options and borrowers' call options at the end of each five-year period. In West Germany, Denmark issued one of the biggest straight D-Mark Eurobonds yet straight D-Mark Eurobonds yet seen, a DM ibn two-tranche package. Led by Westdeutsche Landesbank, the deal comprises a DM 750m five-year issue with a 51 per cent coupon and a DM 250m seven-year issue with a 61 per cent coupon. Both are priced at par.

Though the bonds were launched too late in the day to

The Swiss market saw three three new private placements.
Credit Suisse brought
Furukawa, a Japanese metals concern, with a SFr 89m five-year bond carrying equity warrants and the guarantee of Dal-Ichi Kangyo Bank. It has a 14 per cent indicated coupon.

a 14 per cent indicated coupon.

Nichime, a Japanese real estate company, raised SFr 50m with a convertible bond led by Handelsbank with a 1 per cent indicated coupon. Japan lectronic Computer made a SFr 50m seven-year issue guaranteed by Industrial Bank of Japan and led by Banque Paribas (Suisse). It is priced at par with a 5 per cent coupon.

obtain a full test of the market's reaction, initial impressions were that the terms were fair and indicated quotes were at discounts less than the total coupon and a 2.96 per cent concerning to the coupon and a 2.96 per cent concerning to the coupon area were fixed with a 1½ per cent coupon and a 2.96 per cent concerning to the coupon are according to the coupon.

Tokyo pensions breakthrough

Swiss SEs JAPAN BANKERS Trust, a sub-By John Wicks in Zurich sidiary of Bankers Trust of New York, has broken into the mar-SWITZERLAND'S three leading tork, has broken into the mar-ket for managing Japanese pen-sion funds—the first among the nine foreign-owned trust banks in Tokyo to do so. stock exchanges are to introduce continuous trading next Monday for a number of major Swiss

At the Zurich exchange, the 25 internationally most impor-tant bearer shares and partici-pation certificates will be traded daily between 10.15 am and

In Basle, 58 titles have been chosen for continuous trading and approximately the same number in Geneva. These feature the same companies as the Zurich list but include all equity categories, including registered shares. Geneva and Basle will also include a selection of shares of particuar local

The extension of trading times for major equities is con-sidered desirable to obviate the loss of trading volume to foreign exchanges, and in view of plans to introduce traded options,

At the same time, continuous trading will supply an improved basis for the new Swiss share index, whose first publication is planned for next March.

Some 9 per cent of this has been allocated to Japan Bankers Trust, with the remainder being

Japan Bankers Trust is the largest of the nine foreign-owned trust banks, with some Y130bn under management, against an average of Y10bn to Y30bn for its rivals. Its greater its tietus with Suni size reflects its tie-up with Sumi-tomo Bank through the Sumi-gin Bankers Investment Advi-relationships.

encourage to ensure that the banks has been the rapidly foreign-owned trust banks have growing area of discretionary adequate back office support in Japan.
It has been almost a year since the first group of foreign

The bank has been assigned the management of welfare pension funds worth about \$75.85bn (\$38m) by Sumitomo Bank. As a result of its absorption this mouth of the financially troubled Heiwa Sogo Bank, Sumitomo has found its pension funds swollen to \$75.85bn.

Some 9 per cent of this book as the financial sum to \$75.85bn.

Some 9 per cent of this book as the financial sum to \$75.85bn.

Some 9 per cent of this book as the first group of foreign institutions set up in the Japanese trust banking business, with Japan Bankers Trust, Morgan Trust and Chase Manhattan Trust forming the advance guard, and the remainder folial in the property of foreign institutions set up in the Japanese trust banking business, with Japan Bankers Trust, Morgan Trust and Chase Manhattan Trust forming the advance in ambition is to capture a slice of the first group of foreign institutions set up in the Japanese trust banking business, with Japan Bankers Trust, Morgan Trust and Chase Manhattan Trust forming the advance in ambition is to capture a slice of the first group of foreign institutions set up in the Japanese trust banking business, with Japan Bankers Trust, Morgan Trust and Chase Manhattan Trust forming the advance in ambition is to capture a slice of the first group of foreign institutions set up in the Japanese trust banking business, with Japan Bankers Trust, Morgan Trust and Chase Manhattan T ambition is to capture a slice of the rapidly growing private pension fund management business, with a broker or trust screen.

been allocated to Japan Bankers
Trust, with the remainder being
divided up among six other
financial institutions with which
Sumitomo Bank has close relationships, including Sumitomo
Trust and Banking, Sumitomo
Life Insurance and Nippon Life
Insurance.

Japan Bankers Trust is the
largest of the nine foreign
owned trust banks, with some
owned trust banks of foreign companies operowned trust banks and allows them to manage
money with minimal restrictions.

Pertly in order to provide
trust banks, the Ministry of
Finance has allowed both residents in
Tukyo to open money trust
accounts denominated in
Total Company of the foreign trust banks
of their strengths. They have had
some success in winning the
pension fund management business of foreign companies operdomestic trust banks and allows them to manage
money with minimal restrictions.

Pertly in order to provide
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Finance has allowed both residents and allows them to
money with minimal restrictions.

Pertly in order to provide
trust banks and allows them to
money with minimal restrictions. pension fund management business of foreign companies operating in Japan, but have had a hard time in shaking Japanese companies away from the buks with which they have long-term the foreign-owned institutions that the convention is accounts denominated in foreign currencies. With companies away from the buks deposit and other instruments, with which they have long-term the convention in the convention in

fund management—notably the Tokkin funds, set up by cashrich Japanese companies and financial institutions to handle their short-term portfolio

A Tokkin fund (literally, a "specified money trust agreement") is set up by the investing institution depositing funds in a trust bank. The funds are then managed by an investment sion fund management outsides, forecast by some analysis to This business is readily accessreach \$300m by 1995 from a sible to the foreign trust banks and allows them to manage and allows them to manage

gin Bankers Investment Advi- relationships. have the opportunity to display sory Company—a joint venture The most promising area of their strengths in managing of the type the MoF is keen to business for the foreign trust funds in overseas markets.

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(Incorporated with limited liability in the State of Victoria, Australia)

U.S.\$250,000,000 Undated Subordinated Floating Rate Notes

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Morgan Stanley International Nippon Credit International (Hong Kong) Limited Orion Royal Bank Limited

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Morgan Guaranty Ltd The Nikko Securities Co., (Europe) Ltd. Nomura International Limited Saitama Bank (Europe) S.A. Shearson Lehman Brothers International, Inc. Sumitotro Finance International

Swiss Bank Corporation International Limited Tokai International Limited S. G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd.

Application has been made for the Notes, in the denominations of U.S. \$10,000 and U.S. \$250,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. The issue price of the Notes is 100 per cent. of their aggregate principal amount. Interest will be payable semi-annually in arrear in April and October, the first payment being made in April 1987.

Listing Particulars are available in the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained in the form of an Extel Card during usual business hours on any weekdays (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmoston Street, London EC2 up to and including 6th October, 1986 or during usual business hours on any weekday at the addresses shown below up to and including 16th October, 1986:-

6-8 Tokenhouse Yard, London EC2R 7AJ.

Woolgate House, Coleman Street, London EC2P 2HD.

2nd October, 1986

Simex gives details of **US T-bond** futures

THE SINGAPORE Inter-

into Singarous International Monetary Exchange (Simex) yesterday amounced that trading in a US Treasury bond futures contract would begin on October 3, marking the first trading of US T-bond futures in the Asia Pacific version. region.
The autouncement follows

the annuncement follows a mouth of record trading on the exchange. Total exchange volume rose by 56 per cent above the record set in August to 116.767 contracts. Open interests, or outstanding contracts, at the end of the menti-

tracts, at the end of the meanth rese to a record of 20,317 contracts, compared to 16,637 in August. Open positions totalled just 5,235 in January. Trading was particularly lutense in Eurodellar contracts, where trading rese to 70,306 contracts from the August record of 47,546. The growth of volume and breadth of trading instruments is now rapidly propelling Singapore into becoming a major trading centre for financial futures. On September 3, trading began in the world's first futures contract hased on the Nikkei Stock Average of the Tokyo Stock Exchange.

Exchange.

Specifications of the new US Treasury bend contracts are similar to those of contracts traded on the Chicago Board of Trade, although they will not be tangible as there are no arrangements between the exchanges for mutual

Sinex has mutual effect arrangements for other centracts with the Chicago Mercantile Exchange, the terms of which prohibit Sinex from entering into similar arrangements with any other exchanges in the US.

In order to facilitate round-the-clock trading, however, Sinex will add a new night trading session from 7.15 am to 9.00 am Chicago time, allowing for a one hour overlap in trading. This will permit traders to roll over positions from one exchange permit trainers to roll over positions from one exchange to the other. The night trading session will also make it possible for traders to react immediately to US economic news that is released at 7.30 am Chicago time.

time.
Contracts will be fer US
Treasury bonds that have a
face value of US\$190,000 at
maturity. The deliverable
grade will be bonds with a
moninal 8 per cent coupon
which, if callable, will not be
callable for at least 15 years
or, if not callable, will have a
maturity of at least 15 years

HK\$ issue of CDs by Chinese bank

CHINA'S Kwangtung Provincal Bank plans a HR\$100m, three-year certificate of deposit (CD) issue carrying a 7½ per cent coupon, Reuter reports from Hong Kong.

Interest will be paid quarterly. Fees total ten basis points and the payment date is October 28. is October 28.

Kwangtung Provincial will be the third Chinese stateowned bank to tap the Hong Kong dollar CD market, fellowing the Bank of Comunications and National Commercial Nanh

US OUARTERLIES

cial Bank,

GT. ATLANTIC & PACIFIC TEA 1986 1985 3 3 1.68bn 1.57bn 14.8m 13.6m 0.39 0.36 13.6m 0.36 3.78bn 3.51bn 33.8m 30.3m 0.89 0.80 1965-86 252.9m 3.7m 0.18 1984-96 267.5m 7.2m 0.37 Net profits 3.7m (.cm)
Net per share 0.18 0.37
When smooths
Revenus 14.3m 28.8m
Net profits 91.51
* Includes \$9m special charges \$ 5 288.0m 233.2m 9.1m 4.6m 0.43 0.16

745.5m 614.1m 25.3m 19.4m 1.17 0.86 7986-87 1985-98 \$ 257.2m 327.7m 14.8m 24.1m 0.39 0.64

1986-87 1996-86 8 8 1.3850 1.265n 47,9m 43.6m 1,10 1.01 Net profits .. RITE AID

SPRANC | STRANC | STRANCH | STRA 422.0m 379.1m 15.0m 14.0m 0.36 0.34

Australian Wheat Board streamlines borrowings

and established issuers in the Eurocommercial paper market, arranged several new financings in other currencies as part of arrangements with a new \$600m programme replacing three previous Euromarket facilities totalling \$1.05bn.

The programme, arranged by the borrower itself and signed this week, is part of its annual campaign to fund the purchase of the Australian wheat harvest. Overall, financings will be somewhat lower this year because of lower wheat nriess.

what lower wheat prices.

Another Australian borrower, the Australian Industry Development Corporation, is also expected to launch a similar operation in the next few weeks it is likely to arrange a \$1bn Euromarket programme replac-ing and expanding present

COMMERCIAL PAPER

duced the total size of its facilities in the US domestic market.

The \$600m programme has six dealers: Citicorp Investment Bank, County NatWest Capital Markets. Credit Suisse First Boston, Salomon Brothers International, Saudi International Bank and Swiss Bank Corporational County of the State tion International.

THE AUSTRALIAN Wheat reduction of the board's actual The board is seen as a Board, one of the most active dollar outstandings in the Euro- sovereign borrower in the markets and regularly pays as markets. However, it has markets and regularly pays as The board is seen as a markets and regularly pays as much as four basis points below London interbank bid rates, compared with about six basis points for a sovereign such as

Among other deals in this round of AWB financings, Banque Nationale de Paris has Banque Nationale de Paris has been mandated to arrange an Ecu 125m revolving underwriting facility — the board's first borrowing in European Currency Units — while a DM 110m facility has been arranged by Commerciank (South East Asia). The board has given by Yolbm financing

has raised a Y200m financing and renewed a £200m and a DM 300m facility. In the US, it has reduced its commercial paper programme from \$15n to \$750m and a The new Wheat Board Eurocommercial paper programme is not expected to result in a \$250m.

It replaces a \$300m ECP bankers acceptance facility from programme signed last year and \$850m to \$500m. In Australia, its financing arrangements total A22bm.

CSFB tops lead manager table

CREDIT SUISSE First Boston. which led the UK's record \$4br floating rate note issue last month, topped the chart of lead month, topped the chart of lead managers in the first nine months of 1986 as new issue volume in the Eurobond market reached \$144bn, according to data compiled in New York by IBD Information Services. New issue volume so far this year has already surpassed 1985's record annual amount of \$134.5bn, reflecting progressive falls in interest rates during

market share to 11.9 per cent, and has toppled Deutsche Bank from its hair's breadth hold on the first position during the first six mouths. Meanwhile Nemura Securities has shot up to second place, from third in the first half, with an 8.4 per cent market share.

Daiwa Securities
Banque Paribas
Morgan Stanley
Merrill Lyach
Nildio Securities reached fourth position after 70 per cent in 1985, while yen falling to seventh in the first new issues surged to 10 per cent half. Salomon Brothers, Daiwa and Banque Parihas have all share of new issues slipped to slipped one place since the first 9.5 per cent from 10 per cent in half, while Morgan Stanley, the first half. The D-Mark accounted for 8 per cent in 1985. retained their first-half posi-tions.

TOP EUROBOND BOOKRUNNERS

FIRST NINE MONTHS 1986

Sterling's share moved up to 7 cent market share.

Morgan Guaranty, with a 5.5
The dollar's share of new the Ecu went down to 3.6 per per cent market share, has issues was 62 per cent as against cent from 5 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the 260 latest international bonds for which there is an adequate accordary market Closing prices on October 1 | STREETETS | Second Price | Street | S

FLEATHNE BRITE

SETES

Alliance & Lake. Bidg. £94 0.00

Bank of Montreal 98 0.05

Barcings Bank Perp. 2 045

Bedgian, (Ungdons of 91 0 0.05

Britannia 5 93 £ 0.05

Class Hawketten Corpn. 91 0.6

Citicop 98 0.6

Credit Lyonus 5 00 0.6

ECG 3 92 064 0.00

| Convergence |

† Only one market maker supplied a price.

Straight Wonder The yield is the yield to redemption of the role-pring; the amount immed is in williams of currency units except for You broats where it is to billiams. Change on west—Change over price a week earlier. Planting Ruta Notes: Denominated in doltars unless otherwise indicated. Coupon shown is minimum. C.-dis—Date next coupon becomes effective. Spread—Margin above six-month offered rate (t three-month; # above mean rate) for US doltars. C.com—The Current Coupon.

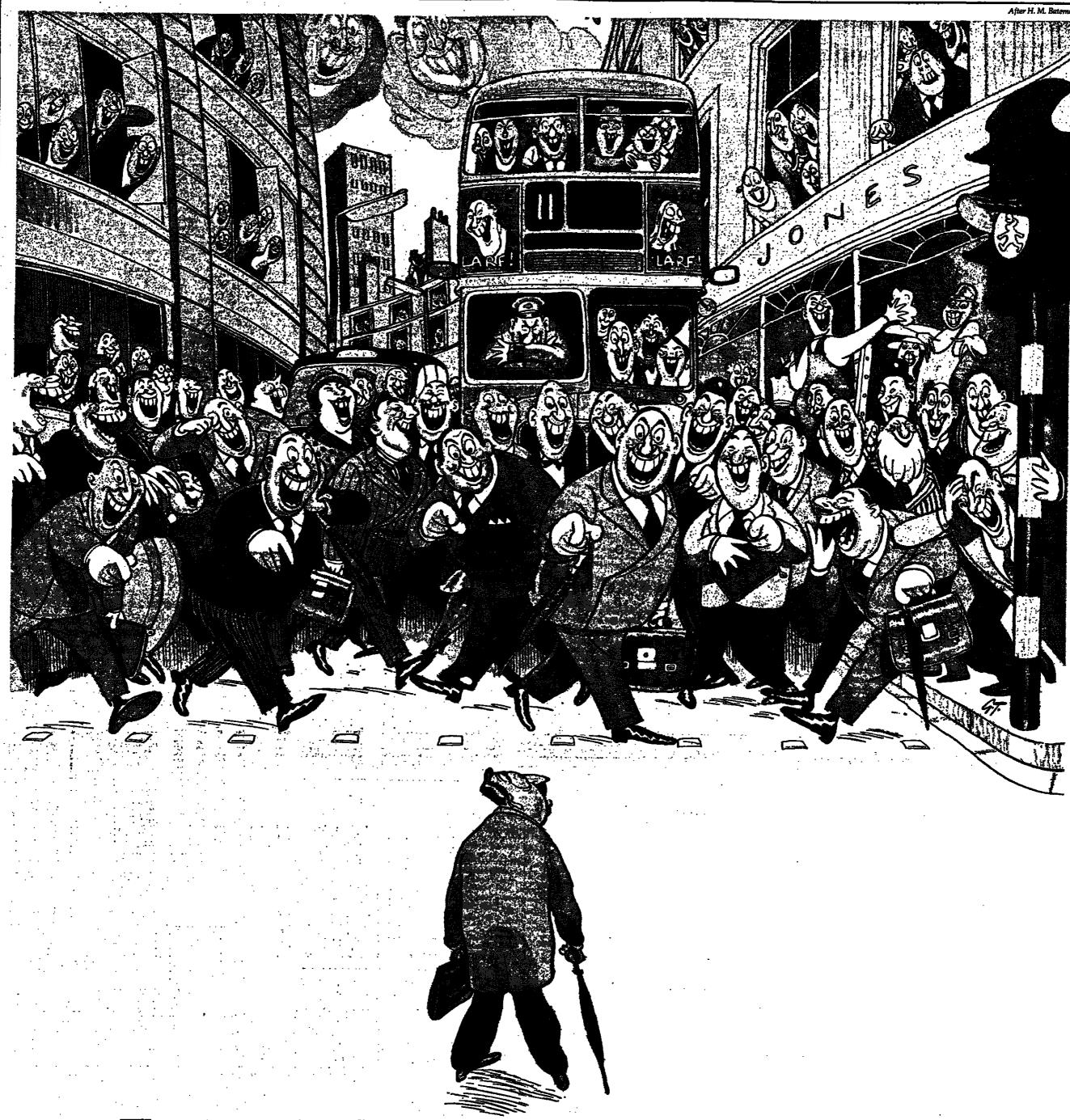
Convertible Sometr Designshated in dollars unless otherwise indicated. Chy. day. Change on day. Chy. date:=First data for conversion into shares. Cav. price... Notice and an other of boad per change appeared in currency of share at conversion rate fixed at lease. Person—Personings premium of the current effective price of acquiring starts via the boad over the troot recent price of the clares.

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C . The

day October 2

t Boah wings



The man who didn't deal with Kleinwort Grieveson.

Kleinwort Grieveson has become such a strong and broadly-based international investment house, it doesn't make a lot of sense to pass us by. See, at least, if we can be of service to you.

Before joining forces with Kleinwort Benson, Grieveson Grant was already among the City's top stockbrokers.

And now we at Kleinwort Grieveson have the backing of a major merchant bank. In fact, by almost any yardstick, they're the biggest of Britain's merchant banks.

So at Kleinwort Grieveson we aren't

short of financial muscle. We have the technology you need at the sharp end of the business. Our spanking new trading floor at 20 Fenchurch Street is something to behold. And we hope you will.

You'll also find we have the brightest people in the business, and we have them in every market.

So we're well able to take advantage of world-wide deregulation, including Big Bang.

International equity markets had their own Big Bang in April 1984, and we've been

operating as an 'International Dealer' since then. Thus we're already used to the new environment.

In the gilt-edged market Kleinwort Grieveson Charlesworth will be one of the new primary dealers.

Together we offer you as complete, competent and competitive an investment service as you'll find. In whatever market you happen to be.

Kleinwort Benson

The bright people in the right places.

PCW launch behind £55m profits surge at Amstrad

record profits in the year to
June, as it resped the benefits
of the successful launch of its
PCW word processor a year ago. Pre-tax profits amounted to £75.3m, an increase of £73 per cent on the £20.2m announced a year ago, while sales jumped by 123 per cent to £304m from

fi36m.

To reflect the improvement in the results, Amstrad is doubling its final dividend, giving an increase of 34 per cent for the full year at a total of 0.35p per share.

The results were greeted calmly in the City, where Amstrad's share price, which had risen by 5p on Tuesday, remained unchanged on 136p.

Investors earlier in the year

Investors earlier in the year pushed up Amstrad's share price to 150p, but there is currently some caution over the launch of the group's PC-1512 personal computer, which is

Amstrad Consumer Elec-tronics, the fast-expanding UK market. computer, video and andio electronics company, surged to chairman, however, dismissed chairman, however, dismissed questions over the 1512 series, the company's expectations.

The entire production run of 70,000 units a month planned for the period up to the end of December had already been sold, he said, and the company result consider increasing outwould consider increasing output early next year.

In the UK, he added, the computer had sold so well that the group was considering the possibility of raising prices

after Christmas. In overseas markets, the 1512 is being priced at a significant premium to the base price of £399 in Mr Sugar explained the buoyancy of last year's results on a combination of strong sales for the new PCW word processor and declining raw material prices.

Softness in the world comi-Britain.

Softness in the world semi-

conductor market reduced costs by more than Amstrad had expected, helping the company raise its margin on turnover in a situation where sales were rising strongly in the first place. Profits after tax came to £52m against £14m a year ago, while extraordinary items rose to £2.95m from £42,000, principally because of the write-off of the Sinclair Intellectual Property

with the launch of new products over the past 12 months, Amstrad now had a broad based product line-up which should help insulate its results from seasonal downturns in any one

The group is strongly represented in the video and audio markets, where it has moved this year into compact discs, and has a range of home and personal computers, plus the PCW word processor and its DMP 2000 printer.



Mr Alan Sugar, the chairman of Amstrad

during the past financial year, and opening up new markets in Spain (£32m) and North

America (£17m). America (£17m).

"Our sales forecast for the next financial year is very encouraging both in terms of existing and new products, together with large unexploited gaps in our markets overseas," he added.

Parkfield's two further acquisitions

By David Goodhart

Parkfield, the acquisitive engineering and electrical dis-tribution group, yesterday ennounced two more takeovers taking its tally since January

to nine.

The company has bought a small subsidiary of the US engineering company Rockwell for \$2.8m, and David Anthony, the Liverpool-based distributor of pharmaceutical products, for between £1m and £2m depending on profitability over the next three years.

Parkfield is issuing 2.3m new shares to pay for the two deals. The Rockwell company is a manufacturer of chassis and side members for motor vehicles including Rolls-Royces, Range Rovers and Volvos. The assets of the company are estimated at £3.4m and in the past year it is estimated to have made pre-tax profits of £400,000. on turnover of £10m.

David Anthony achieved pre-tax profits of £130,000 on turn-over of £4.7m in the year ended April 30, 1986. Parkfield said it plans to invest £1.5m in.

Barker & Dobson returns to £0.5m profits midway

Mr John Fletcher, chairman and chief executive, said the company was proposing to assist shareholders owning less than 5,000 shares to dispose of them. without having to pay brokers' fees. Consolidation of the 1p shares into 10p shares

is also proposed.

This move was aimed at cost savings for the company which has \$2,000 shareholders, of whom two-thirds hold 5,000 shares or less and one-third own 1,000 shares or less. Mr Fletcher said this was a difficult issue. "We are not oppysed to small shareholders but the costs have been very considerable."

comment

Mr Fletcher clearly has a problem with the wide spread of Barker & Dobson's stockand some might think that the In the last year Barker & shareholders to July's 270m knows what he is about

Barker & Dobson, the confectionery company which respect than tripling the number of 1p supermarket chain for £80m, has announced pre-tax profits in issue. The circularishas announced pre-tax profits in gof shareholders with the documents for these issues plus the last annual report "could the last annual report "could the last annual report "could well have cost more than tripling the number of 1p shares in issue. The circularish market chain with a useful confectionery adjunct, does, however, bally need to spruce up its image and ending the penny reported a £7.46m loss.

Mr John Fletcher, chairman While no interim dividend is being paid, a "small final dividend will be recommended for the full year." According to the statement turnover was \$15.4m compared with \$40.8m (of which £28.2m was contributed by discontinued businesses). Earnings per share were 0.2p against a loss of 4.05p at the interims in 1985. stores to something similar to that made in 1985. On forecasts of \$4 pre-tax, £21m of which from Bugden, the shares at 141p, provide an interesting buying opportunity for those who believe that the determined churlish response of the small Mr Fletcher, an ex-Asda man

This announcement appears as a matter of record only



SCANDINAVIAN BANK plc

Scandinavian Bank is pleased to announce that it acted for Management in the £38 million buy-out of the whole of the UK paper manufacturing and merchanting activities of Bowater Industries plc to form

B. U.K. PAPER (HOLDINGS) LIMITED **Britain's largest** paper manufacturer



Scandinavian Bank

Scandinavian Bazik Groen, 2-6 Cannon Street, London EC4M 6XX. Tel: 01-236 6090, Telex: 889093, Fax. 01-248 6612.

Group

New NZ stake declared in Ultramar By Terry Povey

TWO CLOSELY connected New Zealand companies,
Rainbow Corporation and
Equitionry Holdings, yesterday announced a 4.9 per cent
stake in Ultramar, the lossmaking UK oil and gas

Mr Ron Brierley, whose master company is New Zenland's largest, recently took his stake in Ultramar up to 13.2 per cent. Mr Brier-ley and Rainbow, which is run by Mr Craig Heatley, have clashed in takeover bids

Rainbow, which became active in the UK in August has \$50m invested in London. Its film stake of just under 5 per cent in Babcock was the largest until the £17m Ultramar purchases were confirmed. Equiticorp is a 15 per cent shareholder in Rainbow and the two companies share a chairman, Mr Tony Hawkins.

News of the share stakes taken by Admetus, a 50-50 joint-venture between Rainbow and Equiticorp, helped fuel a 10p rise in Ultramar's shares to 158p yesterday. Rainbow said the share stake was long-term and that the uil company was a good counter-cyclical investment. It denied any significance to it having made the share purchases after those by Mr Brierley.

Last night Ultramar said Rainbow had replied to its inquiries under section 212 of the Companies Act. As far as it was aware the New Zealand company had made its purchases steadily ever the last two to three months.

● IEP Securities, the investment company headed by Mr Brierley, has increased its stake in Molins, the cigarette from 20.01 to 24 per cent. IEP aced yesterday its holding had increased to 7.05m shares from the previously disclosed level of 5.9m shares.

Last December an attempt by Melins' management to stage a £50m huy-out failed after opposition from instin-tional shareholders and IEP, when they owned 19.5 per

Blacks future in doubt as Sears withdraws offer

AN EMERGENCY meeting of the board of Blacks Leisure will alternative depends upon Sears today decide whether to place the company in receivership following the decision by Sears, "shell" company as a base for waking other acquisitions. the major retailing group, to call off its \$3.3m bid. Sears had already received acceptances for more than 50 per cent of the share capital, but had warned Blacks' share-

but had warned Blacks snare-holders that it was looking for close to 90 per cent acceptances in view of the radical financial restructuring needed.

Yesterday afternoon, after the bid closed, Sears announced that the december of compresses

the bid closed, Sears announced that it ha dreceived acceptances for only 54.7 per cent of the ordinary shares and "reluctionally" withdrew.

Mr Antrew Herd of Blacks' merchant bank Arbuthnot Latham immediately denounced the Intervention of Frederick. the intervention of England cricketer Mr Phil Edmonds and

When the Blacks' management unweiled the agreed bid with Sears in Angust the company also amoraced a pre-tax loss of £1.6m (£4.8m) in the year to March 1986. The management has stated that to continue as a viable business and save the jobs of about 250 staff it needed an injection of £2m to £3m. Sears already owns 186 camping and leisure outlets through Milletts Leisure Shops and had planned to integrate Blacks his business partner Mr Harold Winton as instrumental in causing the bid to be withdrawn. causing the bid to be withdrawn.
The two men have been
arguing publicly for several
weeks that the Sears offer
undervalues Blacks and unfairly
rewards preference shareinto its Foster Brothers group. To do that the company said it was essential not to have a signi-ficant outstanding minority shareholding.

hisement of non-voting share-

on October 27.

Mr Herd said: "Sears has certainly been very upset by all the adverse publicity and it looks as if the Edmonds-Winton

intervention has persuaded a

great many shareholders to reject the offer."

holders. It also said it planned to step up from the Unlisted Securities Market to the market Holders of Central's nonvoting shares are to be given one vote for every share held, and holders of the im voting hares will receive one new or

Central TV gives votes

dinary share for every ten voting shares held, involving the issue of 100,000 new shares, in compensation for the dilution of their voting rights. As with STV's enfranchisement last May, the Independent Broadcasting Authority has approved a change in Central's articles which imposes a 10 per cent limit on any single share-

However the three share-holders who hold more than 10 per cent of the votes — Ladper cent of the votes — Lad-broke and D. C. Thomson with 20 per cent each and Robert Maxwell's Pergamon Holdings —will be allowed to hold and wate up to 20 per cent of Cen-tral's share capital. They will also be able to transfer their

and three franchises in the

and three franchises in the Buckinghamshire and Oxfordshire region. The acquisition expands GA's estate agency network in the south of England beyond the Thames and brings the total number of branches to

the total number of branches to 148 plus the three franchises acquired. GA entered the sector in July and is now fifth in size of networks.

GA is aiming for a national network though acquisition. At present, the companies acquired still trade under their previous names, with the executives under a service contract.

Molins' shares closed up 9p

General Accident Group, one of

Britain's major composite in-surance groups, has expanded its estate agency activities with the acquisition of the Buckinghamshire-based firm of Flatt

No details of the consideration have been given, however, about one-third of the settle-ment will be in loan notes, with

ment with be in total notes, with the remainder in the form of equity, by the issue of 68,155 shares. That would value the deal at about £8m.

Flatt and Mead has 11 offices

entire shareholding to a single buyer, provided the IBA gives Central Television, yesterday inveiled details of its enfran-Mr Robert Phillis, managing

Mr Robert Phillis, managing director, said yesterday that none of the major shareholders had indicated that they intended to dispose of their holdings as a result of the changes. All three have boardroom representation and these arrangements will continue ments will continue.

Unigate to buy US restaurant: chain By Lina Wood

Unigate, the dairy, food and transport group, anaounced yesterday that its US subsidiary is to pay \$45m (£31.1m) in cash for the Profrock Restaurants chain in the US. "shell" company as a base for making other acquisitions.

Prufrock is a privately owned company operating 41 restaurants in Texas, Oklahoma and Colorado which trade under the name of The Black-eyed Pea and Dixie House. Both specialise in "Southern Country" style cooking. In the year to June 30 1986 Prufrock's pre-tax profits were \$4.1m. Net assets were \$8.1m. were \$8.1m.

Unigate said the acquisition Unigate said the acquisition of Prufrock was an "excellent opportunity" to complement its existing restaurant activities. The group, through its Casa Bonita subsidiary, operates 106 restaurants in Texas, Oklaboma, Arkansas and Colorado. More than 100 of these are Taco Bueno Mexican fast food restaurants and four are Casa Bonita Mexican theme and Bonita Mexican theme and fmily entertainment restaurants. Mr Daniel Hodson, finance Mr Daniel Hodson, finance director of Unigate, said Pru-frock had a market with little competition. It would take time to grow the three restaurant chains but in the longer term Unigate would be looking for other similar acquisitions.

JAMES FERGUSON Holdings textile, financial services and property investment company, incurred losses of £228,600 (£170,800) pre-tax in year to March 31 1988. Loss per 10p share 2.45p (2.84p) after tax credit £4,100 (£4,000 charge). Extraordinary debit £223,000 (nil). Loss for year £448,000, of which £223,000 related to re-

GRANVILLE

Granville & Co. Limited 8 Lovet Lane London ECSR 22P 88 - 29 3.3
88 - 16.7 17.8
253 + 1 24 3.6
94 - 10.7 11.4
128 - 7.0 5.0
23
105 - 1 3.8 3.5
77 - 1.0 3.9
163xd - 18.3 12.0
125 - 6.1 4.9
369 - 17.0 4.8
97 - 12.9 13.3
840 - - 38
89 - 14.1 15.8
82 - 37

Public Works Loan Board rates

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Synapse advances 47%

GA buys estate agent

INVESTMENT made in the company had more than 300 first half by Synapse Computer accounts, providing a firm base from which to expand.

The tax charge was £332,000 impact on the second half, resulting in an increase in presulting in the company had more than 300 accounts, providing a firm base from which to expand.

[£220,000] and there were extraordinary credits of £59,500 debits). marketing resources had an impact on the second half, resulting in an increase in pretax profits of 47 per cent from £511,000 to £753,100.

2511,000 to £753,100.

The result in the year to July 31 1986 was achieved on turnover up from £2.24m to £3.89m, an increase of 74 per cent. Earnings per 5p share for this USM-quoted company rose to 11.96p (8.26p) and the directors are proposing a dividend of 2.2p, against 0.75p last time.

Mr W. C. Williams, chairman and managing director, said that in the first six months the company had invested in expanding its training, applications and

pany had invested in expanding its training, applications and conversion services. And the figures included the costs of setting up the New York operation and the results of two months trading.

He added that the custober base continued to grow and the

SECURITY PACIFIC CORPORATION US\$100,000,000 ndinated Floating Rate

Notes due 1992

Notice is hereby given that for the Interest Period from October 2, 1986 to January 2, 1987 the Notes will carry an interest rate of 63/% per annum. The coupon amount payable on January 2, 1987 will be US\$1,629.17 and US\$162.92 respectively for Notes in denominations of US\$100,000 and US\$10.000.

October 2, 1986 The Chase Manhattan Bank, N.A. London, Agent Bank

Notice of Redemption

AMOCO COMPANY **Guaranteed by Amoco Corporation** (Formerly STANDARD OIL COMPANY)

> (an Indiana corporation) 81/2% Debentures Due 1988

NOTICE IS HEREBY GIVEN that, pursuant to Section 3.01 of the Indenture dated as of August 16, 1973, as amended (the Indenture), between Amoco Company (the Company), Amoco Corporation (formerly Standard Oil Company (an Indiana corporation)) and Chemical Bank, as Trustee (the Trustee), the Company has elected to redeem and will redeem on October 28, 1986 (the Redemption Date), all of its 8½% Debentures Due 1988 (the Debentures), at the redemption price of 100% of the principal amount thereof plus accrued interest (equal to \$17.24 per \$1,000 principal amount of Debentures) to the Redemption Date.

On and after the Redemption Date the Debentures will become due and payable upon presentation and surrender thereof, with the August 15, 1987 and subsequent coupons attached, either at the Corporate Trust Tellers of the paying agent, Chemical Bank, 55 Water Street, New York, New York 10041 or at the main offices of Chemical Bank in London, Paris, Frankfurt am Main and Zurich, or at the main offices of Citibank, N.A. (formerly First National City Bank) in Amsterdam, Milan, Rome and Tokyo, or at the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg.

Interest on the Debentures shall cease to accrue from and after the Redemption Date and all coupons maturing on and after August 15, 1987 shall be void.

AMOCO COMPANY By: Chemical Bank, Trustee

Dated: September 25, 1986

Act of 1983 on or before the date of such presentation.

Holders of the Debentures presenting Debentures for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance

Bovis to expand US

construction business

MPANY

chain

expand its activities in the huge US construction market via the acquisition of a 50 per cent stake in a top US construction Prillion 34 me Manager Control of the Control of th management company.

The deal, sealed yesterday, is with Lehrer/McGovern, which in seven years has grown from two partners to a 1,000-person business with revenue of \$47m AND THE PROPERTY OF (£32.5m) expected this year.

Lehrer/McGovern is privately owned and neither party would disclose the price of the purchase. The new group will be known as Lehrer McGovern 100 to 10 Union Sales Prulm ; was E Bovis. he ho Lehrer / McGovern's has McGov attracted prestige clients such years. as IBM, General Foods and AT Mr Service Committee of the Committee of th

The company charges a fee to manage construction. It says tracking," in which construc-current projects under manage tion is begun before design is ment are worth \$500m.

Mr Frank Lampl, chairman of Boyis International and an executive director of P & O. said the deal "would further our management expertise "US investors like to see an American company they know,"

The two companies have worked together in London, with Lehrer/McGovern consult.

according to Mr Lampl He said he hoped to double Lehrer/ McGovern's revenues in four as IBM. General Foods and AT . Mr Lampl pointed out that & T, and high-profile projects there was a second key motive such as the trading floor at the for the purchase: to acquire

Bovis International, a sub-sidiary of Peninsular & Oriental restoration of the Statue of Steam Navigation, and one of Liberty in New York harbour. the UK's largest construction The company charges a fee to These include so-called "fast-These include so-called "fast-

tion is begun before design is completed, and "value engin-eering," which calls for build-ers to work with architects and engineers during design. Both techniques can dramatically reduce construction time

with Lehrer/McGovern consult-ing on two Bovis projects—an apartment complex called Chel-sea Harbour and Victoria Plaza. Bovis expects 1986 turnover to reach £650m, with just 5 per cent of that from US operations, Lehrer/McGovern earlier bought back a 25 per cent stake of its equity that it sold in 1984 to the Spanish construction company Entrecanales y Tavora.

Abaco chief's pay almost trebled

MR PETER GOLDIE, chief Ashman, qualify for the payexecutive of Abace investments, ment once the increase in controlled by the Cayzer family,
the fast-growing financial services company, nearly trebled per cent in a year.

The payexercises and transport group
controlled by the Cayzer family,
announced it had bought a
further 500,000 Abace shares to his income from £64,259 to £175,607 in the year ended June 1986.

Mr Goldie said more than half the total consisted of a bonus payment related to growth in earnings per share. In the previous year no bonus had been in operation,

Mr Goldie, and a further £02,000 Abace shares to take its holding to 27.39 per cent. B&C has said it will not go above 29.9 per cent of Abaco, which would trigger a takeover bid. Mr Goldie said the B&C firms, including chartered surveyors, estate agents and a further £02 nor take its holding to 27.39 per cent. B&C has said it will not go above 29.9 per cent of Abaco, half the total consisted to acquisitions of professional firms, including chartered surveyors, estate agents and a further £02 nor take its holding to 27.39 per cent. B&C has said it will not go above 29.9 per cent of Abaco, half the total consisted to acquisitions of professional firms, including chartered surveyors, estate agents and a further £02 nor take its holding to 27.39 per cent. B&C has said it will not go above 29.9 per cent of Abaco, half the total consisted to acquisitions of professional firms, including chartered surveyors, estate agents and a further £02.00 above 29.9 per cent of Abaco, half the total consisted to acquisitions of professional firms, including chartered surveyors, estate agents and the total consisted to acquisitions of professional firms, including chartered surveyors, estate agents and the consistency of the con

Mr Goldie and his two fellow executive directors Mr Cameron Brown and Mr Rusty Westminster Press

sells two newspapers

Imiscourt Limited.

The principal shareholder of the company which is to be renamed Barrow News & Mail Limited, is Mr Philip Davies, who recently resigned as chairman of Senews, the Ladbroke whether any of the parties subsidiary.

Westminister Press wishes to concentrate on non-suburban risking a considerable loss—had risking a considerable risking a considerable risking a consid

concentrate on non-suburban and daily newspaper centres, but Barrow, is below the mini-roum population level it is now

reimbursement agreements with AE and if so whether this re-

Turner and Newall and its Mario Vestuto,

bomus veyors, estate agents and cent stake held by Canada Lifeinsurance loss adjusters.
Assurance, represented shares
in firm hands owned by companies which would back the
flusty wealth Shipping, the financial

AE share purchase ruling soon Westminster Press, a subsidiary of the Pearson group, is to sell its Barrow News & Mail division, publishers of the North-Western Evening Mail and the South Cumbria Star, to Impiscourt Limited.

The controversy surrounding merchant hank Rothschild have AE's narrow escape from become increasingly optimistic, as the Panel inquiry has is now expected to be ruled upon by the Takeover Panel that the ruling will find against the Circumstances surbing the circumstances are surbing to the circumstances and the circumstances are surbing to the circumstances. The controversy surrounding merchant bank Rothschild have

Sir Francis Tombs, chairman of Turner, said yesterday: "The delay has certainly made us

GIBBONS Lyens has acquired Eden Colours, inkmaker, in line with plans announced on joining lationship should have been in Edenbridge, Kent, was declared.

Dixons retail sales buoyant

Dixons, the electrical retailing group which recently failed to take over Woolworth Holdings, reported a "highly satisfactory" start to the financial year at its annual meeting yesterday.

Mr. Stanley Folges shalman

Mr Stanley Kalms, chairman said sales were buoyant in the company's three retail chains, Dixons, Currys and Power City. By Christmas, £32m of the £50m earmarked for shop expan-"We are investing over film per week in the UK and will sustain this level throughout 1987," he said. "By the financial year end the group will have opened over 100 new stores."

Asked whether he planned to seil Dixons' 5 per cent holding in Woolworth, he said: "If Woolworth fulfil their promises this will be a good investment

Amari correction

THE FT regrets that in yesterday's report of Ameri's results for the six months to June 30 it was incorrectly stated that these showed a 15 per cent fall

yesterday's report correctly gave the actual figures at £3.47m as against £3.67m in the same period last year, a fall of 5.45 per cent. We accept that this puts a different complexion on Amari's pre-tax profit position and applogise unreservedly for this

Go-ahead for Hanson ADR's

The US Securities and Exchange Commission has approved Hanson Trust's application for listing American Depositary Receipts (ADR's) for trading in the US.

Sir Gordon White, chairman of Hanson's US subsidiary, Hanson Industries, said the ADR's, each representing five Hanson ordinary shares as traded on the London Stock Exchange, would become effective for dealing on the New York Stock Exchange within four weeks. The US Securities and

Exchange within four weeks.

Further purchases as Bennett & Fountain calls for £4m

Bennett and Fountain, the company came to the USM in acquisitive-hungry electrical early-1985.

appliance group, is planning The original wholesaling two further purchases and asking shareholders for f4m via per cent of this year's pre-tax figure, says Bennett. In operating profit terms, it 20.5p per share.

At the same time the group, with only its second set of figures since its launch on the USM last year, showed pre-tax profits of £1.31m for the 15 months ended June 30 1986, compared with £763,000 for the previous 15 months. The two acquisitions are

wholesaler Moss Electrical for £3.63m, and retailer Godwin for £530,000, both in cash. Any comparison of Bennett's profit figures is confused by

RESULTS

TOYE & CO, producer of civil

TOYE & CO, producer of civil and military regalia, yesterday reported pre-tax profits of £241,000 against £237,000 for the first six months of 1986. Sales up nearly 5 per cent to £3.6m were achieved in part by reduced trading margins in an increasingly competitive market, the directors said.

BIO-ISOLATES (Holdings) losses were £397,900 for first half of 1986 before and after tax compared with £158,200 and

ARC, subsidiary of the Gold Fields Group, produced lower pre-tax profits of £73m (£79m) for the year ended June 30

1986 on turnover of £750m (£680m). Profits from both the UK aggregate division, at £42m, and trading operations in

3.48p (1.38p).

COMPANY NEWS IN BRIEF

RIOMECHANICS International,

effluent treatment engineers, announced an interim operating loss of £72,712, reflecting a

moderate improvement in the

company's trading performance from last year's interim figure of £122,853, said the chairman.

present business.

Bennett's plan is to switch their business away from contractors and towards industrial users. Once the Moss acquisition is complete, Bennett will have 25 wholesale branches, compared with seven last year. Moss the change in year-end from March to June and the rapid rate of acquisitions—ten, includ-ing the latest pair, since the with seven last year. Moss itself made pre-tax profits of £600,000 in the year to end-February on sales of £6.5m.

The smaller retail side, which early-1885.
The original wholesaling business contributed around 40 per cent of this year's sales, now consists of 12 stores compared with three a year ago. The loss-figure, says Bennett. In operating profit terms, it showed a 20 per cent improvement, while sales lifted 25 per cent, suggesting some pressure on margins though the company attributes this to a shifting customer and product base. accounted for around 40 per

Newer wholesale operations in its £445,000 and Bennett says which have been bought in are generally lower margin, but Bennett's plan is to switch their used to clear debt. Gearing is the says from contractors. there are useful tax losses.

The rights issue cash will be used to clear debt. Gearing is currently 50 per cent but should be back to zero after the £4m injection.

Turnover £960,000 (£934,000). step in extending its coverage Directors consider financial and of the US eastern seaboard. cash resources satisfactory for

for shareholders, there is the first dividend since Bennett reversed into the old Rubber Estates of Ceylon shell — 0.6p a share. The shares themselves eased 1p to 241p yesterday.

has contracted to purchase Greywater which is engaged in the manufacture of high precision tooling for the production of gas turbine blades and ceramic cores used in the aero-

company which appears poised

to launch a takeover bid for Bremner, the Glasgow store group, has bought a further 1.32 per cent stake in Bremner to take its holding to 28.96 per

Albert Fisher boosts US operations

By Nikki Tait FAST-GROWING fruit and vegetable distributor, Albert Flaker, is giving a further boost to its US operations with the purchase of Miami-based Tavilia

Group for up to \$13m (£9m). Tavilla, which made pre-tax profits of around \$370,000 on sales of \$22m in the six months to end-June, imports and distributes fresh fruit and vege-tables through bases in Florida, mainly supplying supermarkets and institutional catering cus-

The vendors — Mr Paul Tavilla and three other directors who will remain with Fisher following the acquisition — have warranted profits of not less than \$900,000 for the full

year.
Fisher is paying \$4m in cash
at the outset, with a further
\$500,000 in new ordinary shares.
Another \$8.5m will be paid —
just over \$5m of it in cash — if-

just over \$5m of it in cash — ifprofits met certain targets over
the three to end-August 1989.
Net assets of the Tavilla Group
last June were \$900,000.
Once the acquisition is complete. Tavilla will be merged
into Fisher's existing subsidiary
in Miami, Carnival Holdings.
Around half Fisher's 1985-86
profits — estimated at around profits — estimated at around 28m and due later this month — are expected to come from

At the beginning of the year it paid up to \$20m for US disposable paper and plastics products maker Ziff.

Marlborough Tech Mariborough Technical Management's offer for sale of 6,513,636 ordinary shares at 110p was oversubscribed. The basis of the allotment will be announced today.

eratic cores used in the across space industry. Initial consid-eration will be £2.5m cash, of which £650,000 will come from a vendor placing. CITY AND Westminster Fin-BIDS AND DEALS ance, the corporate finance

included a share of US joint venture loss of £114,000. Turnover amounted to £90,100 Irish group, and Morgan Stan-(£115,600). Loss per share was ley, the US investment bank, yesterday completed the acquisition of Container Corporation of America in a \$1.24bn deal which will transform Smurfi into the seventh or eighth big-

DIVIDENDS ANNOUNCED

UK aggregate division, at 542m, and trading operations in the US, at £70m. were at record levels, the directors stated. During the year £25m was invested for growth both through acquisition of reserves and plant development. ALFRED WALKER, commentation of F5.88m (£1.78m). BET, international services group, has acquired, for group of the commentation of F5.88m (£5.9m) cash, Spalding (property developer, incurred losses of £104.000 (profits £25.000) in year to end April 1986. Dividend is being passed (0.75p). Loss per share 9.8p (carnings 0.6p). Extraordinary debit £122.000 (nil).		(#680m). Profits from both the	WOLLE	_	Trace	Corre	TOTAL	TOTAL	
\$\frac{\text{542m}}{and trading operations in the US, at £70m, were at record levels, the directors stated. During the year £25m was invested for growth both through acquisition of reserves and plant development. ALFRED WALKER, commentation of the control of the contro		TIK sagregate division of		Current	of s	ponding	for	last	
the US, at £70m, were at record the US, at £70m, and the US,		\$42m and trading operations in	SUTER has disposed of its	payment	payment	¯ div. ¯	year	year	
levels, the directors stated. Dur. ing the year £25m was invested for growth both through acquisition of reserves and plant development. BET, international services Foseco Minsepint 0.43 Dec 5 0.4 — 0.9 Decided to the plant development are property developer, including a property	ď	the TIS at 620m were at record	stake in BV Nederlandse Op-	Abingworth 1,25		1.25	1,25	1.25	
ing the year £25m was invested for growth both through acquisition of reserves and plant development. BET, international services acquired, for has acquired, for group, has acquired, for group, has acquired, for more cial property developer, incurred losses of £104,000 Services based in Louisville, April 1986. Dividend is being in passed (0.75p). Loss per share panies. Consideration, together with debt elimination, amounted to F1 5.83m (£1.78m). BET, international services Has acquired, for hy Heidings	36	llevois the dimentage stated Trave.	tische Knot and associated com-	AMST20 0.25	_	0.12*	0.35*	0.19*	
for growth both through acquisition of reserves and plant development. ALFBED WALKER, commential property developer, in curred losses of £104,000 Services based in Louisville, plant £25,000) in year to end-c, April 1986. Dividend is being in passed (0.75p). Loss per share between the commentation of the	-	ing the mine the cost states. Dur-	namies Consideration together	A. Reekman 3.78	Jan 6				
acquisition of reserves and to F1 5.85m (£1.78m). BET, international services Foseco Minsepint 0.43 Dec 5 0.4 — 0.9 BET, international services Foseco Minsepint 0.47 — 0.33 — 1 Last BED WALKER, commer- cial property developer, in- curred losses of £104,000 Services based in Louisville, Synapse Comp. Services L22 Nov 26 0.75 2.2 0.75 n (profits £25,000) in year to end- c, April 1986. Dividend is being is \$15m. The deal is through passed (0.75p). Loss per share BET's industrial services comp. Services per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital stock. *Spon Comp. Service Per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. \$10.85m. Stock.	-	ing the year 12740 was invested	with debt elimination amounted	Bernett & Fountain 085					
plant development. BET, international services Foseco Minsep	T.	tor growth both through	with dept entitudation, disjunction	BCC 1-4 A40		0.90	-		
ALFRED WALKER, commer- cial property developer, in- curred losses of £104,000 Services based in Louisville, profits £25,000) in year to end- c, April 1986. Dividend is being is \$15m. The deal is through passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p) and passed (0.75p) and passed (0.75p). Loss per share between the passed (0.75p) and passed (0.75p) an	"	and manages or 10001100 some	m 11 2'93m (51'10m).						
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curred losses of £104,000 Services based in Louisville, Synapse Comp. Serva. 22 Nov 26 0.75 2.2 0.75 (profits £25,000) in year to end. Kentucky. Turnover of Spalding Africal Walker	m		BET, international services	Foseco Minsepint 2.95	_	2.95	_	9	
curred losses of £104,000 Services based in Louisville, Synapse Comp. Serva. 22 Nov 26 0.75 2.2 0.75 (profits £25,000) in year to end. Kentucky. Turnover of Spalding Africal Walker	D	ALFRED WALKER, commer-	group, has acquired, for	MY Holdingsint 0.47	_	0.33		1	
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	-	ordinary debit £122,000 (nil).	the purchase as a significant	§ Unquoted stock. I For 15 i	nonths.				
	_			 		<u> </u>			

1. CAMERICA

We've made a name in the USA

MCCorquodale's most important overseas market is the USA, where we operate from 23 locations. Our major businesses in the USA are information publishing, utilising electronic data-based technology and the supply of cheques, credit cards and signature verification equipment to financial institutions.

Over 23% of our group profits in 1985 came from our American businesses.*

M°CORQUODALE

recent reallocation of responsi-bilities among senior group

executives, predominantly on a geographical basis."

Net interest charges for the opening half took £2.77m (£3.58m) and tax accounted for

Foseco Minsep's figures were

made by the chairman in his annual report just seven weeks before the end of the half year.

The share price dropped 15p to



the shortest, most specialized and most convenient route for visiting the Middle East

every wark cozers of passenger and airfreight flights leave for the Middle East from the main European air-ports. For IRAN AIR this is the homeward route. Your business can not af-ford to be held up by problems of time or space. Just because of this IRAN AIR has developed over the

nections and destinations. Wherever you are going in the Middle East IRAN AIR sees that you get there in the shortest possible time, you are going to the Far East, IRAN AIR will take you to Bombay, Beijing and Tokyo. IRAN AIR maintains its tradition for refined hospitality.

sy, could become an indispense The Middle East at your fingertips

This announcement appears as a matter of record only.



AEGON N.V.

Dfls 100,000,000

53/4% Bearer Notes 1986 due October 1, 1991

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.

Morgan Bank Nederland N.V.

Bank Mees & Hope NV Pierson, Heldring & Pierson N.V. Nederlandsche Middenstandsbank nv Rabobank Nederland Van Haften & Co. N.V.

Commerzbank Aktiengesellschaft J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International Limited Kredietbank International Group Société Générale Swiss Volksbank

October, 1986



Chesterfield Properties PLC

£50,000,000

Sterling Commercial Paper Programme

County NatWest Capital Markets Limited S. G. Warburg & Co. Ltd.

October 1986

Foseco suffers all-round decline and falls £4.5m **SA** offshoot

ADVERSE CONDITIONS in North America together with an exceptional provision as a result of a major US customer filing for bankruptcy left first half profits of Fosco-Minsep some \$4.5m lower at the pre-tax level.

African subsidiary from 64.4 per cent to 53.1 per cent as the The directors said yesterday that demand patterns had be-come more irregular since the half year end and that levels of result of an acquisition. Cad-bury Schweppes South Africa (Cadswep) is to issue 1.12m new shares at an effective price activity in industries served were not expected to show a of R30 each to acquire Bromor, food and fruit squaskes company, increasing the number of its ordinary shares in issue to significant improvement over the rest of the year. They added, however, that the benefits from measures in

Murray and Roberts, the diversified civil engineering group which controlled Bromor, hand would flow in 1987.
Levels of activity during the first six months of 1986 in many major markets served by group which controlled Bromor, said it preferred cash to new Cadswep shares and sold the 17.6 per cent holding in the enlarged company to Anglovaal Industries, the industrial holding arm of the Anglovaal group.

Last year Cadswep earned a pre-tax profit of R6.9m (£1.1m) on a turnover of R133m. It paid a dividend of 64 cents from earnings of 107.2 cents a share. The directors estimated that the Bromor acquisition would increase earnings per share by about 10 per cent this financial year. the group were generally lower, particularly in May and June—the group manufactures specialised chemical and other products, principally for the metallurgical, construction, en-gineering and mining indus-

Cadbury

stake in

is reduced

Cadbury Schweppes is to reduce its interest in its South

YEARLING bonds totalling £2.250m at 11 per cent, redeemable on 27 September 1987, have been issued by the following authorities: Eastbourne Borough Council £0.25m; Kirklees Metropolitan Borough

Cadbury Schweppes said in London that its equity reduction in the South African business was a consequence of the development of the South African company and not a con-sequence of it wishing to reduce its holding. The acquisition was in line with its strategy

Foseço Minsep Share Price

very difficult conditions, high-lighted by bankruptcy of LTV, (the country's second largest steel producer), which neces-sitated a bad debt charge of £1.6m above the line. far below the market's expec-tations, and shareholders had every reason to be shocked in the light of the bullish remarks gineering and mining industries.

Sales for the period fell from £394.74m to £276.93m and profits before tax from £17.71m to £13.23m — City analysts had been looking for figures of between £16m and £17m.

The interim dividend is being held at 2.95p net per share from earnings 4p lower at 7.5p.

The directors said that in North America there were poorer performances from most operations.

They pointed out that the US steel industry was experiencing

The share price dropped 15p to 208p on the announcement but later pulled back up to 218p, presumably on the expectation that the 1987 figures would bring a recovery; certainly the current year pe of 15 produced by the £27m or so in sight for 1986 would hardly justify the price. The 1987 figures may well be better, but it is debatable whether they will take the company beyond the plateau on which it was sinck last year. The case for buying at these levels looks thin: the 6 per cent yield is a temptation to those

Abingworth net asset value falls to 277p

UNCERTAINTIES IN the gling for the last three years technology sector, particularly in the US, together with a weakening dollar against sterling, left the net asset value per share of Abingworth, venture capital investment concern, down from 286p to 277p over the year ended June 30 1986. The figure, however, had recoveed to 284p by September 29.

Pre-tax profits for the period increased to £504,000, against £466,000. After a tax charge of £155,000 (£50,000 credit) earnings wer given as 1.7p (2.4p) per 10p share, while the divi-dend is unchanged at 1.25p.

During the year US\$3.9m (£2.7m) was invested in nine companies in the US—where over 70 per cent of the portfolio is located—and a further \$3.9m invested in 16 new companies and \$5.1m provided for 17 follow-on investments in the

Abingworth has been strug- Street.

while this has been hard work, comparisons with the performance of competitors suggests that Abingworth has played the US high-tecknology market better than most. The hope, once again, is that the £20m worth of unlisted US stocks in the perfolio control of the the portfolio contain a few gems and that the new issue market across the Atlantic becomes more active soon. How ever, investors may well fee that the shares at 210p have no bottomed out yet and hav proved rather too vulnerabl proved rather too vulnerable to a rising discount to net asset value — yesterday this had widened to 26 per cent — for them to be an attractive buying proposition. Holders, however, could do worse than sit and wait until the dollar strengthens and or the technology section comes back received. nology sector comes back more firmly in to vogue on Wal

BOARD MEETINGS

The following companies have notified	Mitchell Cotts, Murray E
tee of board meetings to the Stock	Rivoli Cinemas, H. Young.
change. Such meetings are usually	FUTURE DATES
of for the purpose of considering	interiess:
ridends. Official Indications are not	Contact
illable as to whether the dividends	Hunting Associated Industrie
interims or finals and the sub-	Hunting Petroleum Services.
islans shown below are besed	Monument Oil and Gas
inly on last year's timetable.	PSM International
- · · · - · · · · · · · · · · · · · · ·	Sears
TODAY	
	Silkolene Lubricants
nterime: Brown and Jackson, Cluff	Svenske Cellulosa

KIYDH CHIMMA, N. TOUNY.		
FUTURE DATES		
Interiors:		
Conrad	Oct	15
Hunting Associated Industries	Oct	16
		12
Hunting Petroleum Services	Oct	9
Monument Oil and Gas	Oct	9
PSM Internetional	Oct	8 8 7
Sears	Oct	7
Silkolene Lubricants	Oct	7
Svenske Cellulosa	Oct	15
	OCt	19
Anais:		
Bejam	Oct	15
Britannia Security	Oct	8
Canadian O'seas Pack'ing Ind	Oct	8
	Oct	13
Thorpe (F. W.)	Oct	9

NOTICE OF REDEMPTION

DOW CHEMICAL OVERSEAS CAPITAL

N.V. KD5,000,000 111% GUARANTEED NOTES November, 1986.

Redemption Date: 1st November, 1986 Redemption Price: 101% of Principal Amount Payment Date: 3rd November, 1986

Notice is hereby given to the holders of the 11½ per cent Guaranteed Notes due November 1, 1988 (the "Notes") of Dow Chemical Overseas Capital N.V. (the "Company") that pursuant to Condition 5(c) of the terms and conditions of the Notes the Company has elected to redeem all the outstanding Notes on November 1, 1986 (the "Redemption Date") at a redemption price of 101% of the principal amount thereof

Payment of the Redemption Price, together with the interest due on 1st November, 1986 will be made on or after 3rd November, 1986 (the "Payment Date") upon presentation and surrender of the Notes, together with all Coupons appertaining thereto maturing after the Redemption Date at the offices of the Fiscal Agent or the Paying Agent set forth

The Notes will no longer be outstanding after the Redemption Date. The Redemption Price, together pure note that the state of the

Fiscal Agent: Kuwait International Investment Co. S.A.K. Gates No. 1-8, Al Salhiya Commercial Complex 5th Floor, Block No. 1 P.O. Box 22792 Safat 13088 Kuwait

Paying Agent: Morgan Guaranty Trust Company of New York
Avenue des Arts 35 B-1040 Brussels, Belgium



Kuwait International Investment Co. s.a.k. (Fiscal Agent)

BSG Intl lifts interim profits to over £6m The directors said that each of the group's areas of activity

BSG International, motor BSG International, motor dealer and seat belt manufacturer, has produced record interim pre-tax profits of £6.05m. This is compared with £3.52m and is close to 1985's full year figure of £6.52m as forceast. Directors have declared an interim dividend of 0.48p (0.385p) and expect to recommend an increased final dividend of 1986 — last year's was earned less than in the first half of 1985.

They added that a review of all operations had been made and rationalisation was under way. This may lead to disposal or closure of some operations and facilities, particularly in the US the US.

Despite immediate problems, many opportunities existed for the group's continuing flow of products and services.

The directors summed up:
"Action will be helped by a recont reallegation of responsi-

dend for 1986 — last year's was After tax of £1.1m (£776,000)

earnings were 3.25p (2.01p) per

share.
Interest payments were higher than last year's at £2.3m (£1.87m), but in line with the second half of 1985, because of the cash element of the Adams and Gibbon acquisition and in-creased working capital Trading profits amounted to £8.36m (£5.39m) and were split

£8.36m (£5.39m) and were split between vehicle distribution £3.45m (£2.48m) and manufacturing £4.91m (£2.91m).

The group's sale of two companies, three Vauxhall Bedford dealerships and a 20 per cent interest in American Sunroof Corporation, reduced its borrowings by about £6m.

The directors said that trading in July and August continued

in July and August continued to be encouraging. BSG's shares finished the day up ip at 49p.

CI profits rise to £0.5m midway

C.I. Group, engineer and tool distributor, formerly known as Cooper Industries, reported pre-tax profits for the six months to end-July 1986 up from £473,000 to £504,000. Turnover was down at £12.29m, against £13.84m, resulting from the sale of unprofitable businesses.

yield is a temptation to those who believe Foseco will one day win immunity from cyclical downturns in the world metallurgical industry, but some of the buying is undoubtedly coming from those who believe that the track record would prove a poor defence to a bid. Earnings per 10p share came out at 1.38p (1.16p) and the interim dividend has been raised to 0.425p (0.4p).

UK ECONOMIC INDICATORS

facturing output (1989=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered memployment (aveluding sales) leavers and metallic descriptions.

w- el	(000s). All	rent (exc	ly adius	cmoor n ted	PEACTS)		TITOU VA	CHUCH
ot re		Indl. Prod.	Mfg. output	Eng. order	Retail :	Retail value	Unem- ployed	Vaca
le et	1965 1st qtr. 2nd qtr.	196.7 196.5	103.5 104.5	184 169	113.4 115.0	123.9 [41.4	3,138 8,174	153.6 161.7
d Ir F-	3rd qtr. 4th qtr. 1966	108.4 108.4	183.7	105	116.6	145.2 177.7	3,124 3,122	164.4 168.2
۶- ۱	1st qtr. 2nd qtr. January	109.2 108.4 108.3	102.8 102.2 102.4	37 88	112.0 120.2 117.0	145.4 152.7 145.6	3,171 3,208 3,163	164.6 175.1 158.7
1	February March	109.8 109.5	102.0 102.9	98 105	117.2 119.8	140.9 148.6	3,161 3,199	165.9 168.8
ů	April May June	110.4 108.1 106.7	163.7 163.8 163.3	162 111	119.3 118.2 122.4	152.1 149.8 155.4	3,200 3,205 3,220	169.0 171.1 185.3
-	July August	110.2	194.2		120.9 122.9	158.2	3,223 3,224	195.2 201.3
•.	OUTPUT—I intermediat metal manu- ing starts (t	te goods facture,	(mater textiles.	íais an leather	d fuels)	engin	eering	outpu
15	me aurie l	Catmer. goods	Invest.	Introd. soods	Eng.	Motal maßt.	Textile etc.	House

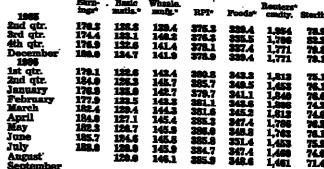
102.3 101.7 101.9 102.8 102.7 102.3 101.6 101.3 162.4 162.4 162.6 162.6 163.6 163.6 162.6 162.6 162.0

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

1985	Figure Tolume	volume Import	Visible balance	Current belance	persece Oil	Terms trade	Reset US#
2nd qtr. 3rd qtr.	120.5 116.3	124.8 124.1	-124 -453		+2,411	97.8	14.1
4th qtr. 1986	118.9	127.9	-202		+1,900 +1,893	180.2 181.6	14.1 15.5
1st qtr. 2nd qtr.	117 <i>.</i> 4 128.8	126.1	-1,459	+597	+1,922	101.1	18.7
January	118.6	129.1 129.1	-1,618 +124	+345 +1,1 0 2		102.4 101.8	19.1 15.5
February March	120.6 112.0	125.9 122.2	-378 -1,205	+161. 066	+643 +236	100.7 160.7	15.8 18.7
April May	121.5 120.2	123.4 121.2	292 69 8	+360	+252 +261	161.7 102.0	18.9
June.	126.7	129.6	-623	+ 39	+279	103.6	19.1 19.1
July August	125.6 117.3	134.0 142.3	-588 -1,486	+ 12 -896	+281 +211	103.2 103.9	18.4 18.4

April May June July

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity



AUSTRALIA

BELGIUM

CANADA

FRANCE

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ITALY

LONDON

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Stockbroker

truly

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We are wholly owned by Royal Trust, one of Canada's largest

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on 01-638 1212

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The Royal Trust Group administers worldwide assets exceeding £33 billion.

Savory Milln Limited, New City Court, 20 St Thomas Street, London SE1 9RP. Telephone 01-638 1212 Telex 887289 Fax 01-404 3370 A Member of The Stock Exchange **NEW YORK**

SAVORY

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NETHERLANDS

NORWAY

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SINGAPORE

SPAIN

SWEDEN

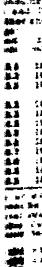
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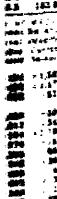
UNITED KINGDOM

UNITED STATES

SINGAPORE

BSG In lifts inte **Profits**





INDICA

Enlarged MY nears £1m

the 54.1m acquisition in August of the Sharp companies, increased its first half profits by 29 per cent and as forecast at the time of the suppose the companies of the suppose the suppose th the time of the purchase the interim dividend is being increased from 0.325p to 0.4p net. £14.64m—the group manufac-

interim dividend is being increased from 0.325p to 0.4p net.

The results of the Sharp companies (Sharp Interpack and Cathedral Componds) were incorporated on a pro-forma basis in accordance with the principal of the principal

time of £172,000 relating to the unsuccessful bid for Standard

Earnings worked through at 2.07p, against a previous 1.51p. Fully diluted they amounted to

Second half lift for Renishaw

SECOND HALF profits up from £3.7m to £4.8m at Renishaw lifted the pre-tax total of this manufacturer of metrology and

Renishaw

SECOND HALF profits up from £3.7m to £4.8m at Renishaw lifted the pre-tax total of this manufacturer of metrology and inspection equipment to £7.02m for the year ended June 30, 1986, against £5.63m.

Thinover for the 1985-86 period expanded from £15.55m to £21.39m giving an operating profit of £8.38m, compared with £5.23m. Profits included interest receivable, up from £397,000 to £638,000, but were subject to tax of £2.02m (£1.81m).

Earnings per 5p share were given as 16.22p, against 12.71p while the dividend is lifted to period expanded from £15.55m to £21.39m giving an operating profit of £6.38m, compared with £5.23m. Profits included interest receivable, up from £397,000 to £538,000, but were subject to tax of £2.02m (£1.81m).

(E.S.m.).

Earnings per 5p share were given as 16.22p, against 12.71p while the dividend is lifted to 2.2p (1.85p) with a final payment of 1.5p.

On September 8 the US Court of Appeals affirmed in all respects the judgment which granted an injunction against GTE Valeron Corporation from GTE Valeron Corporation from manufacturing and selling probing products subject to patents owned jointly by the group and Rolls-Royce.

Charter Consolidated finance director

The director responsible for DUCTS, is to become director of appointed commercial director, finance and investment at European dairy projects.

CHARTER CONSOLIDATED, Mr **

Francis Heward, wishes to pursue new interests, and will leave the comment of the commen

CHARTERHOUSE INVESTMENT MANAGEMENT. international investment arm of
Charterhouse, has appointed Mr
Bob Dellow as a director, with
responsibility for investment
dealing for the group. Three
directors have been appointed
to the board of Charterhouse
Asset Management: Ms Patricia to the board of calculations of the Asset Management: Ms Patricia Preneta will be responsible for Japanese investments; Mr phen Dowds will take charge Stephen Dowds will take charge of Continental European investments, and Mr Bavid Kidd will have responsibility for international economics, international bonds and UK gilt-edged investments. Charterhouse is a wholly-owned subsidiary of the Royal Bank of Scotland Group.

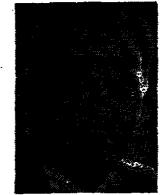
Mr Paul M. Hazel has been appointed financial director, food beverage and packing division of BRENT CHEMICALS INTERNATIONAL. He was formerly group chief accountant firestiffer.

Mr Robert Burke has been appointed general manager (investments) of the NORWICH UNION INSURANCE GROUP with responsibility for the real estate and investment divisions. Mr Mike Sandland is appointed chief investment manager from the same date. Mr Edgar All-away has been appointed general manager for the Republic of Ireland for the Norwich Union Life Society.

Mr Brian Smalley has been appointed managing director of IMI YORKSHIRE IMPERIAL PLASTICS in succession to Mr Patrick D. Peel Yates who is to retire on October 31. Mr Smalley was chairman of IMI Broderick Structures, Mr Andrew D. Toemey has taken over as managing director of IMI Broderick Structures and Ives Cladding.

Mr John Walten, director of UK operations at ELANCO PRO-

At the POST OFFICE. Mr Ken Young, board member for personnel and corporate resources, will also be vicechairman from today. Mr Young joined the Post Office in 1972



Mr Ken Young, Post Office

from the GEC where he was a director and group personnel manager. He previously held personnel management appointments with Elliot Automation, Massey Ferguson (UK) and Smiths Industries.

YAWAICHI INTERNATIONAL (EUROPE) has appointed Mr Alan J. Towner executive director, floating rates; and Mr Staffan Gadd as senior international advisor.

Mr Vernon Sangster has become president of VERNONS ORGANISATION, while Kenneth A. Paul becomes deputy chairman and joint chief executive. Mr Michael D. Heeley, formerly a director of The British Linen Bank, joins the board as joint chief executive. Mr Guy Sangster, eldest son of the chairman Mr Bebert Sangster, becomes a director.

Mr Declan Salter has been appointed London sales director of WATMOUGHS, a subsidiary of Watmoughs (Holdings).

CATER ALLEN HOLDINGS CATER ALLEN HOLDINGS has completed the acquisition from Citicorp Insurance Holdings of Citicorp Underwriting Agencies, which has changed its name to Cater Allen Members Agency. Mr R. D. Hazell and Mr. D. J. White have been appointed non-executive directors. Mr R. J. N. Taylor and Mr I. P. W. Starkey continue as executive directors.

BRITISH CALEDONIAN AIR-WAYS has made a number of changes to its board structure. Mr Peter Smith, director of plan-ning and corporate affairs, is man and managing director, will retire from the board in July 1987 when the deputy chairman, Mr H. G. (Oscar) DeVille, will assume the chairmanship. Mr

activities, wormene ar Jean Prothero Thomas, director of projects and quality assurance, is appointed director of planning and corporate affairs, responsible for route, fleet and commercial planning, in addition to the BCAL public affairs, government affairs and international relations activities. He retains responsibility for projects and quality assurance. Mr Bed Hoare, head of ground operations and logistics, is appointed to the board as ground operations director, responsible for BCAL's ground passenger services and aircraft handling at the Gatwick hinb; and system control across the route network. He is also responsible for the day to day administration of the airline's security services, although manager security services has direct across to the managing director.

director.

Mr Colin Smith, director of finance and services, has resigned on the grounds of ill-health. Mr Treveur Beud, executive vice chairman, BCAL group, and group finance director, will oversee all aspects of BCAL financial matters, until such time as a successor is appointed. Chief accountant, Mr John Denman, will be responsible for the day-to-day running of BCAL's finance department. Mr Alan Deller, commercial director, has remercial director, has re-

MEYER MEYER INTERNATIONAL has appointed Mr R. W. Jewson managing director of the group. He has resigned from the board of Jewson, of which he was managing director, and Mr R. T. Beynelds has succeeded him in that post. Mr R. E. Groves, who has combined the roles of chair-



Mr R. W. Jewson, managing director of Meyer Inter-

K. J. Riggs and Mr R. T. Rey. nolds become directors of Meyer International. Mr Biggs will remain a director of Meyer International Forest Products. Mr Reynolds was operations director of Jewson.

Mr W. P. Bewman has been Mr W. P. Bewman has been appointed chalcman of POCUS (Forum for Occupational Connselling and Unemployment Services), an organisation that specialises in helping redundant workers find satisfactory alternatives to the jobs they are losing. It is a commercial organisation partly supported by the London Enterprise Agency, organisation party supported by the London Enterprise Agency, Whithread and other public companies. Mr Bowman is chair-man of Royds McCann, and was formerly personnel director for United iBscuits (UK).

h Mr Claudio Belli has been appointed head of the international sector and chairman and chief executive of HAY MANAGEMENT CONSULTANTS.

mods of ill-health. Mr
Boud, executive vice
BCAL group, and
nce director, will overects of BCAL financial
nutil such time as a
is appointed. Chief
i, Mr John Denman,
spousible for the dayning of BCAL's finance
t. Mr Alan Deller,
il director, has ret. Mr Alan Deller,
il director, has rethe management development and
has also been regional director
for the south-east.

Mr. Derek Bucknall has been appointed to the board of BRITISH AEROSPACE. He joined the company as a director of personnel last May.

Chairman for **Anglia Television**

ANGLIA TELEVISION chairman Lord Buxton is to be succeeded by deputy chairman Mr Peter Gibbings on his retirement in 1988. Under IBA rules Lord Buxton is due to retire in July 1988 on reached the compulsory age of 70, but has decided to hand over four months early, at the annual meeting in March 1988. Mr Gibbings will retire as chairman of the Guardian and Manchester Gibbings will retire as chairman of the Guardian and Manchester Evening News before becoming Anglia chairman and will live in Norfolk. Mr Gibbings is also chairman of the Press Association and a director of Reuters.

Mr John McNally has been appointed manufacturing director of the shaving business of WILKINSON SWORD. He was with The General Electric Company.

ARC achieved profits of £73 million and turnover of £750 million for the financial year to 30 June 1986.

This compares with a profit of £79 million for 1985, a figure which benefited from a significant property sale in

Profit from both the UK Aggregate Division (£42 million) and that for trading operations in America (£20 million) were at record levels.

This year, ARC is restoring more land to agriculture than we borrowed to obtain stone, gravel and sand. We extracted 44 million tonnes of aggregate to build and maintain your roads, hospitals, houses and schools.

We also manufacture building products: concrete pipes for water and sewerage, building blocks, paving, walling,

roof tiles and bricks.

We re-surface motorways and runways, maintain Britain's sea defences and build anything from shops and offices to banks and hospitals.

ARC: producing the materials to build Britain.

PRINCIPAL RE	PRINCIPAL RESULTS						
f 188	1986	1985					
· THEORET	758,880	586,000					
Operating income	73,008	79,900					
Capital Employed	354,000	363,999					
BELLIN ON SHEEZUR CORNEL COMMONWELL	21.3%	74 9%					

ARC LIMITED, THE BIRGE, CHIPPING SOBBURY, BRISTOL BS17 SAY

Beckman falls back in second half

Profits from the textile activities fell from £1.13m to £988,000. The directors said, however, that the results here were satisfactory in view of a from £110,000 to £532,000—a Earnings improved by 0.6p to £10,000. The directors said, however, that the results here investment property portfolio dend of 3.78p makes a samewere satisfactory in view of a threw up a surplus of £310,000.

A. Beckman, with interests curtailed demand due to the intention of the past in textiles and property, suf-cold spring which resulted in year (to end-June 1986) slipped fered a slight downturn in the slower retail sales. in textues and property fered a slight downturn in the slower retail sales.

Second six months and for the full 1985-86 year experienced a profits decline from £1.51m to boped that the trend would £1.44m pre-tax.

The division had started the £21,000 but tax was reduced by boped that the trend would £1.24.000 to £516,000 and left tontinue.

Property profits improved with a previous £869,000.

Property profits improved by 0.6p to

NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on October 15, 1986 U.S. \$23,715,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$493.33 for each U.S. \$5,000 principal amount and U.S. \$986.67 for each U.S. \$10,000 principal amount as follows:

OUTSTANDING NOTES OF \$5,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

OUTSTANDING NOTES OF \$10,000 EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

2017.12224 2017.22224

245 461 688 930 1172 1386 1641 1910 2138 2384 2672 2915 3187 3444 3738 4000 4858 4516 479 5077 5328 5565 5801

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after October 15, 1986 upon presentation and sure of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which, the smount of missing unm interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes: surrender of the related missing interest coupons within the period of time prescribed by the applicable staints of himitations, at the main of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam-Rotterdam Bank N.V. in Amst the main office of Swiss Bank Corporation in Basle and the main office of Krediethank S.A. Luxembourgeoise, in Luxembourge Payments a offices will be made by a United States dollar check drawn on a bank located in The City of New York, or by transfer to a dollar account tained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Company in the United States not, except as otherwise permitted by U.S. Treasury Regal without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address the United States.

From and after October 15, 1986, the Radamenton Watse will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Payment on any Bearer Note will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Payment on any Bearer Note will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Payment on any Bearer Note will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Payment on any Bearer Note will be made at the Corporate Tust Office of the Fiscal Agency maintained by the Payment on an

the United States.

From and after October 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$1,975,000 principal amount of Notes will remain outstanding after the redemption.

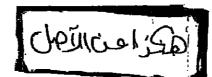
It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

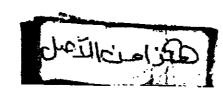
Any payments made to an address in the United States, directly or by electronic transfer, may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide a Paying Agent with an executed IRS Form W-9 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons,

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide to a Paying Agent listed above, and certify under penalties of perjuty, a correct taxpayer identification number (employer identification number or social security number, as appropriate), or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50 imposed by the IRS. Please therefore provide the appropriate certification when presenting your securities for payment.

DATED: September 16, 1986

GENERAL MILLS, INC.

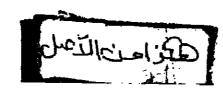




sequel. October 5:		طمقالان	
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What Late Bette Form Library Form Control Long Control	FINANCIAL TIMES SURVEY The Financial Times proposes to publish a CREDIT CARDS SURVEY on November 10, 1986 The following subjects will be covered: 1. Introduction 2. The Major Credit Card Systems 3. Charge Cards	Addinate Wife Earrige 1/4.5 Account Units 2017 222 31.4 Account Units 3017 224 224 224 225 224 225 225 225 225 225	1975 1975
Service Control of Con	4. New Products 5. Banks 6. Non-Bank Card Issuers 7. International Networks 8. National Systems 9. New Technology 10. Electronic Funds Transfer at Point of Sales 11. Suppliers of Hardware 12. Fraud All editorial comment should be addressed to the surveys Editor. A full editorial synopsis and information about advertising can be obtained from Robin Asteroft, slephone 01-248 8000 extr. 3365, or your usual Financial Times representative. EUROPPS BUSINESS NEWSPAPER	Rapicheys Unicorns List(n)(c)(y) Unicorn St. 222 Reprofers 18t, 57 Unicorn Area 18t, 51 Un	Michael Mich
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İS		10 Feercharch Street Lordon EES 198.11 4.46 4.67	### Services List ### Frank Remajers List (p) ### Remajers List (p) ##
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LIVE CATTLE 40,000 lbs, cents/fb

Bank to sell Johnson Matthey metals traders

THE Bank of England yesterday director, said about a dozen With a bullion bank as a parent

Johnson Matthey Commodi-ties Ltd, a ring-dealing (full) member of the London Metal Exchange, and Johnson Matthey Commodities Incorporated, which is based in New York and specialises in platinum, could together fetch about £20m. The two companies are all

owns of JMB—recently renamed affair. But the companies the rump of JMB's commercial loan book. Most of JMB's banking and bullion business went to Westpac of Australia in April.

Minories Finance said vesterday that it had asked Baring Brothers, the merchant bank which has handled previous JMB sales, to sell the two metal

exchange hopes

to open soon

Philippines

bank. The two Johnson Matthey companies could be sold separately, although the bank would prefer to sell them together.

Mr Irby said the recent performance of both metals companies had been depressed by the recession in metals trading, the indirect impact of the tin crisis and their association with the Johnson Matthey Bankers

But the commanies interest in the metal nas rauce.

Johnson Matthey Commodities Incorporated, with a net worth of \$14.5m (£10m) employs a handful of people mainly trading platinum. It is a member of the New York Mercantile Exchange.

The London Metal Exchange will be hoping that the purchaser of Johnson Matthey Commodities.

£1.58m pre-tax in the year to the end of March 1984, the last lay that it had asked Baring period before the parent company. Strength pany ran into trouble. The company has shareholders of seven of march 1984, the last company. Strength pany ran into trouble. The company has shareholders of seven of members i many of the company has shareholders of seven of members i people, in both the futures many of the company has shareholders of seven of members in many of the company has shareholders of seven of the company has shareholders of the company has shareholders of the parent company.

THE Bank of England yesterday director, said about a dozen with a button bank as a partial possible purchasers including a it was one of the larger community of mining trading and panies involved in the LME solders group, which it rescued had previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank. The two Johnson Matthey commodities are the previously contacted the bank are the previously contacted the ban

informer will bring some new life into the market. The exchange was recently lifted by the news that Amari, Britain's largest independent aluminium and stainless steel stockholder, was set to buy the business of Boustead Davis, the metal trad-ing arm of Boustead the trading Boustead Davis, the metal trading ing arm of Boustead, the trading company. But the market's strength and liquidity have been sapped by the departure of seven out of 28 ring-dealing members in the past 18 months, many of them prompted by the

Rubber prices forecast to remain strong BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Rubber Exchange expects natural rubber prices to remain strong until the end of the year in spite of the recent devaluation of the Indonesian Ruplah.

In its latest market report it says the devaluation "might dampen sentiment alightly" but forecasts that the dampening effect is likely to be "mild and short" in view of strong underlying fundamentals.

The Malaysian Rubber Exchange report said the repeated requests for shipment delays by spite of the recent devaluation Thai and Indonesian rubber exporters, and the substantial interest shown by major consumers on forward markets confirmed the seriousness of the short "in view of strong underlying fundamentals. THE MANILA International Futures Exchange hopes to start trading sugar and soya-bean contracts soon and eventually to trade coconut oil, rubber, coffee, copper and peso/ dollar futures, Mr Uisden McInnes, president of the exchange management company said, reports Renter. He said the market had al-ready established a trading floor in the Makati business dis-trict of Manila and will open lying fundamentals.

The five-day moving average price calculated by the International Natural Rubber Organisation (Inro) is 200.64 Malaysian-Singapore cents a kilo, well above the May buy level of 171 cents while the price of 185 The SEC has already approved 13 members, another applica-tion has been submitted and six

shortage.
Malaysian rubber production
for the first half of this year
fell by 1.9 per cent to 696,202
tonnes. Exports during the same
period increased slightly to
741,420 tonnes.
The report said stock levels
in consuming countries were at
their lowest for many years, and
although consumers showed no

cents, while the price of RSS although consumers showed no No. 1 rubber on the Kuala although consumers showed no hurry to buy in August because of the summer holidays, they are now expected to return

Traders call for grain output tax

BY JOHN BUCKLEY

being and annual reed manuac-turers, has thrown its weight behind a European grain pro-ducer tax to control surpluses and finance disposals.

when the Government's Securi-ties and Exchange Commission, SEC, approved membership reaches 20.

Pointing to possible revenue of Ecu 3.5bn over the next five years Gafta suggests applying the existing Ecu 5.38 per tonne co-responsibility levy (which is currently paid and collected

ponsibility tax, collected only tion that would be impossible spokeswoman said.

Gafta says a producer tax will effectively lower prices and fulfil the Commission's aim to signal to farmers the market environment in which they are producing surpluses. It will also cut out the documentation now required in grain contracts to enable the tax to be traced

THE UK Grain and Feed Trade
Association (Gafta) representing merchants, brokers, shippers and animal feed manufacturers, has thrown its weight
behind a European grain producer tax to control surpluses

Gafta says a producer tax will
effectively lower prices and fulfil the Commission's aim to

The second for area disposals

The association (Gafta) representyield no more than Ecu 450m
meanwhile would freeze the
market's ability to respond to
domestic or export demand and
would end entrepreneurial
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trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer and trade of benefit to farmer a The association says the producer tax should be introduced from July 1987 and a decision from July 1987 and a decision was partly due to the collar's taken soon to enable the trade to avoid the muddle that was created when the CR tax was introduced last July. Gafta also urges the trade to forsake the notion that the levy can be chandened unilsterally or with corresponsibility tax, collected only by certain processor sectors), to all farmers without favour on a Community-wide strain tonne base (allowing for seed, waste and residual losses from a normal crop).

The Association says its scheme would accrue Ecu 1.3bn to cover the Commission's obligations to protect small producers and provide Ecu 2.17bn to finance export disposal and other funding of present surpluses. In contrast the coresponsibility tax, collected only

sugar trade legislation

warns US on

Australia

THE BELEAGUERED Austhe loss of almost its entire exports to the US because of legislation before the American Congress which would change import prices to favour the Philippines, Caribbean countries and Ecuador, according to Mr John Dawkins, the Minister for

He said yesterday that the Australian Government would launch an action under the General Agreement on Tariffs and Trade (Gatt) against the US if the legislation was enac-ted, demanding compensation for damages to the sugar

The US was Australia's second largest export market by value for sugar in the last financial year with sugar exports worth A\$86m (£37m). proposed legislation

before the US Congress, which is in the form of an amendment to an anti-drug bill, could mean a drop of 142,000 tonnes to under 10,000 tonnes a year in sugar exports to the US, deliver-ing a severe blow to an already crippled industry.

Australian officials are sur-prised at the amendment, which groups of countries because they are developing nations which are co-operating with the The anti-drug bill, to which the amendment has been attached, eliminates a share of the sugar quota for countries which are not co-operating with

Mr Dawkins said: "Australia has always believed that the US Government supported the allocation of quota shares on a fair and non-discriminatory principles.

■ ISRAEL exported polished diamonds worth a record \$1.066bm in the first nine months of 1986, the Israel Diamond Institute said in a report published yesterday, reports AP Dow Jones from Tel Aviv.

The sales were 19 per cent higher than the 898m dollars for the first nine months of

The report noted that the the report noted that the diamond industry achieved re-cord September sales et \$185m, compared with \$117.8m in September 1985.

Mr Moshe Shnitzer, president of the Israel Diamond Exchange, said the sales growth was partly due to the dollar's weakening value, which has

Mr Shnitzer said large numbers of buyers from Hong Kong had visited Israel in 14.07

Israel puts its farm know-how on show

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL HAS, by common the National exhibitions secconsent, achieved marvels in tion by its state-owned
building up substantial agricultural production and export Medimpex. The Budapest comindustries in defiance of its pany had already done business
unpromising terrain and limited in Israel, but its participation
water resources. Scope for at Agritech was a new deparfurther growth in farm output
has virtually run out now, and
with it the possibility of making
opening had concentrated on the with it the possibility of making further significant inroads into produce export markets. But the expertise which enabled the country to transform its farm country to transform its farm sector remains a very market-able commodity, and it was this which attracted more than 4,000 visitors to Agritech '86, Israel's triennial showcase for agricultural equipment and farm inputs in Tel Aviv last week,

Exports of agricultural sup-plies and equipment are already running well ahead of produce sales. Last year exports of farm products earned Israel about \$500m while supplies and equip-ment netted \$870m. And the latter figure is forecast to reach system this year. Fertilizers and chemicals accounted for half the 1985 total, with irrigation equipment and accessories

tion equipment and accessories contributing another \$115m.

Deals concluded as a result of last week's trade fair alone could reach between \$50m and \$90m, according to Mr Rafi Glick, director of the agriculture centre at the state-run Israel Export Institute. And that does not include a \$50m Glick, director of the agriculture centre at the state-run Israel Export Institute. And that does not include a \$50m irrigation project in Colombia being negotiated by Kibbutz Artze, a left-wing branch of the kibbutz movement.

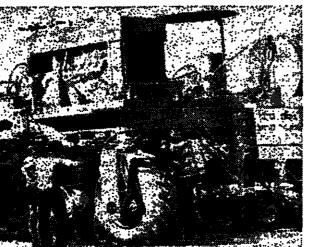
While Mediterranean and Latin American countries dominated the visitors' list for this year's Agritech, a remarktries which do not have diplo-matic relations with Israel, Arab purchases of Israeli agri-cultural equipment are reported "Kibbutzniks" in sandals and cultural equipment are reported to have reached \$20m in 1985, shorts were much in evidence

ture.

Media interest prior to the opening had concentrated on the news that a Chinese Government

systems, or else the latest in way Israel can, for instance, micro-chip technology. Others make a dent in the potentially were simply eyeing their rivals' huge Chinese market for sophiproducts enviously.

The fair's organisers like to emphsise the close connection between the farmer and the resources of the agricultural equipment designer and manufacturer, a feature the claim is unique to Israel.



Put out Peking may have been, but its pique has not pre-vented its Institute for Agricultural Research from signing up for the establishment of a model

and interested buyers flocked to this year's fair.

Hungary was represented in statement of the following their new orchard harmonic traditionally tackled, into joint further than any other producers—achieving impressive improvements in milk yieds.

sticated irrigation technology

The small size and limited resources of the kibbutzin responsible for most Israeli agri-cultural equipment and their lack of marketing knowledge are the most serious obstacles facing the industry.

"It is very difficult to motivate them," sighed Mr Glick, referring to many of the 175 Israeli participants in the show. In contrast with the socialist approach to agriculture tradi-tionally adopted in Israel, the agriculture centre director takes a breezy, laissez-faire approach. "The marketing people must take the reins now. This will be the big change in future," he insisted.

The heavy cost to most Israeli communes of participation in Agritech, and their own pro-duct design limitations, are what heave kept the fair as a triennial event — rather than the biennial occasion buyers say they would favour. With agricultural production

no longer growing in Israel there has been a steady shift fessional approach to marketing the Israel Export Institute this year arranged a series of seminary and half-day tours of working farms in parallel with the exhibition itself.

The most notable absentees were the Americans and the British. However, taking the hattle to the enemy, the Israel export institute recently set up a permanent exhibition of Israeli irrigation technology in Fresno, California.

The Government is trying the rowards the export of servicer and increasingly sophisticated equipment. One in three of the products on display at Agritech 86 contained a microprocessor. Irrigation equipment is still responsible for over half the turnover of Israeli farm ducts are a long way from the original, gravity-feed drip systems. High clearance spraying machines, releasing carefully controlled doses of fertilizers and herbicides along with the water, are replacing aerial Fresno, California. lizers and herbicides along with the Government is trying the water, are replacing aerial hard, however, to cajole Israeli crop dusting while dairy farms companies away from the small- in the arid Jordan valley claim scale ventures abroad they have they have taken computerisation

MARKETS THIS WEEK'S heavy sel-off

LONDON

in the coffee futures market continued unabated yesterday when a £135 fall in the November position took the de-cline on the week so far to \$276.50 a tenne. Technically based selling by big investment funds is reported to have dominated trading this have dominated trading this week although many traders have been insisting that fundamental supply/demand factors remain bullish. There was talk in the market that some of yesterday's selling came from a producer, most probably Brazil, which was trying to clear the funds out of the market so that fundamentals could reassert them.

mentals could reassert themselves. On the Lendon Metal Exchange copper values steaded somewhat in the late steadied somewhat in the late afternoon but still ended lower on the day. The cash Grade A paition closed with a loss of £7.75 at £322.75 a tonne. In the absence of any significant buying the LME copper market took ilts lead from New York, where some fairly aggressive liquidation was reported.

LME prices supplied by Amalgamated Metal Trading.

	Iclose (p.	al + or .m.) — r tonne	High/Low
Cash Smonths	<u> </u>	+15 +8,25	853/849 820/813
(833.5-4).	three m 2 844 (83	onths 813.	Cash 843-4 5-4 (810-1), kerb close: mnes.
COPI	PER.		
Grade	Unof	flo'l(+ or	Mahil ow

Grade A	Unoffic'	+ <u>or</u>	High/Low
Cash 5 months	923.5-4 946.5-7	-7.75 -8.5	928,5/926 956/944
Official ci (934-4.5), the settlement close: 943-4.	ree month 928 (934	ua 952√	Cash 927-8 2.5 (958-9), Final kerb
Standard Cash months	898-9 922-4	8.5 8.5	904/896.5

Official of (908-10), th settlement prices 64-61 over: 28,550	ree m 902.5 3 cent	onths (910). s per	928-3 US	Pro Pro
LEAD			-	

LEAD		
. •	Unofficial 4 or close (p.m.) — 2 per tonne	High/Low
Cash 8 months	277,5-8.5 +0,75 261,5-2.5 +0,25	289/281.25
(278.5-8.7 (282.5-3).	closing (sm): (5), three months settlement 277 (27) set: 281.5-2. Turns	281.75-2 8.75). Final

	Unofficial + or close (p.m.) = £ per tonne	High/Low
Cash 5 months	2555-60 5 2610 5 +1	2560 2625/2590
(2,570-5), 20), setti	closing (am): Cas three months 2,613 ement 2,565 (257 e: 2,610-15. Turno)-5 (2,619- 5). Final
7111		

High grade	ciose (bri	n.) — rtonne	High/Lo
Cash 3 months	613-4 608.5-9	+1.5 -0,5	614/618 612,608
Official 3.25 (614. (611.5-2), Final Kert 11,800 ton 47.50 cent	settleme o close: nes. US	ree mont nt 613.2 608-8.5.	ths 609-9. 6 (615.5) Turnove

GOLD

opened at at \$42512 the aftern	\$424425 in the mon oon. The \$426427	and w ning and metal to	vas fixed \$425 in suched a
GOLD BUL	LION (fine o	unce) (at 1
Close Opening	84223, 428 84243, 425 8426 50	14 (£392 14 (£393	14-293) 14-29414) 18ECO

GOLD AND PLATINUM CO	
GOD SECTION OF	146
4 Krtg 51.34-1.14 (£783-1) (Krtg 51.34-1.14 (£514-1) (£514-1	9-1654) -794) -884) -803) 9-3024) -86) -714)

Silver w for spot d market ye equivalent: spot 557. 565.1c, up 5.05c; and The metal \$58c) and \$58c).	as fixed 4 elivery in starday a a of the 1c, up 5.2c; si 12-mont	the st 385 flxing 5.1c; k-more th 585 at 38	J.Ap. US g levels three a th 673.35 9.7c, up 4 34-3844.p	uilion cem were: nonti c, ur 4.35c
SILVER	Builion	<u>. </u>	LME	+ 01
per troy oz	Fixing Price	-	p.m. Unoffic'i	-
ipot	386,40p	44,70 14.80	381p 391p	+1.0.5
5 months © months	405,600	+6,25		Ξ
LAME—To	mover: 4	(37)	lots of 1	0,000
		h 39	2p, low :	391p,

LIVE CATTLE			LIĀĘ	PIG8
Month	Y/day's close	±°	Y/day's close	<u>+</u> or
Oct Nov Feb Apr	96,00 96,30 98,50		103,30 104,50 98,50 99,00	
Pig sai	ee: 10 (Comm ces at 1	(0) lots ISSION apresen) kg. je fat jarkets.

US MARKETS REUTERS

ME! WEO			
Auminium Free Market	\$ 1.530 mm	+25	\$1255/516
	2925,76 £946,75	-2,75	£905,5 £920,75
Gold Troy oz Lead Cash	3423	-0.625 + 0.76	\$406.75 £275,5
tickel	282		£276,25
roe Mkt Paliadium oz Platinum oz	121 28 50	+4.	2148.50
Bulcksilvert Sliver troy oz 3 mths	131411142	L	
o mths Tin free mkt			23698/86
fungsten Kolfram 22.01b	351,25 332,42		952,75 885/45
5 mths producers	£615,5 £608.75		2585,5 £589,75 \$848/8 80
OILS			-
	8280w \$245v	+15	\$226 \$206
Copra (Phil) Coyabean (U.S.)	\$180 \$165	+10	\$160 \$154
GRAINS			

INDICES

DOW JONES

Oct. 1 Sept 50 M th ago Year ago

1557,01644,4 1454,3 1704,4

Spot 184.07128.11; - 115.0 Fet 124.14124.20; - 116.0

MAIN PRICE CHANGES

in tonnes unless otherwise stated.

ER	Catton A Ind.* 49,65c +0.96 Gas Oi! Nev. \$128.5 +1 Rubber (kilo) Sugar (raw) \$122.5w+1.5		
Unoffic'l + or High/Low	Sugar (raw) 3122.5w +1.5 8 Wooltops 64e 356p kilo 8 Unquoted. † Per 75 lb flask. c		
923.5-47.75.928.5/986 946.5-7 -8.5 956/944	a pound. * Comm outlook. z Sept-Oct. w Oct-Nov. v Dec.		
closing (am): Cash 927-8 three months 952-2.5 (958-9).	COCOA		
928 (934.5). Final kerb	Futures traded over a £15 rate		

terest was tinued with Duffus.	noted but bdrawn, rej	produc	ers con- Gili end
COCOA	Yesterday's close	+ or .	Besiness Done
	£ per tonne	•	DOME
	1495-1497 1534-1536 1557-1560 1575-1580	+1.5	1584-1481 1545-1682 1567-1564 1562-1572
Bept,	1597-1598 1615-1617 1641-1644	+6.0	1694-1694 1625-1614 1650-1644

Sales: 2,583 (4,576) lots

COFF	EE	-	
Mass tec selling aga pushed pric basis. Nove ham Laus appeared of trade and materialised stem the lo the close to	inst little per se must mber, repo bert. St n'the openi the day, urther st lindustry liby late s sesses befor	Industria se	200 lower, stell Burn- selling continued sell-order The little port that n failed to t-taking on
COFFEE	Yesterday close	+ or	Business Done
	-		

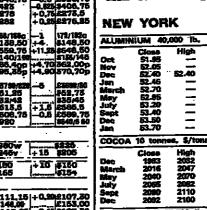
SOYA		ME	AL
	Y'sterd 'ya close	+0	Business done
October	184,5-186,8 186,5-184,0	+0.25 -0.49 -1.95 -0.66 -1.10 -0.59 of 20	136.0 134.5-134.7 135.8 — — — — — —

with Nov/J: ture but value range. Bark with atreng erred position
BARLEY

reports (, o, neodick.				
WHEAT		. <u>.</u> .	BAR	
Minth	esterday's close	+ 01	Yest'rdy's Cicse	ĺ
May	110,05 112,35 114,65 117,25 99,60	-0.16 -0.16 +0.18	111,15	
7.80, . May 1	ness done Jan 110,10- 114,60-4,50, 1,25, Nov 1	9.90, I July	Mar 112.3 Untraded,	5

_ RUBBER .

dived on further chart based selling after Tuesday's heavy losses, reports Heinold. The action was totally technical with chart near averages cressing on the down side. Technical operators would now be looking for computer generated signals to have now be looking for computer generated signals to buy back. Support exists around 180e, basis December, with broad support between 184c and 188c. Speculators who lost out when the market turned bearish on Tuesday and the state of the state probably exaggerated yes-terday's fall in an attempt to recoup losses. Roasters con-tinued to hold a plentiful supply of stocks and are ex-pected to wait for the price to fall further before taking their seasonal requirements.



ligh tvolum virtually un closs. Som terest was	raded over e to close e echanged to e very light noted but bdrawn, re	19ksp. s no engenco 1 ensenco 1 erscuboro	note vicus r in-
COCOA	Yesterday's close	+ or Ben	dness

Upon Der 4	r parae ian	œĮ.	
COFF	EE	-	
selling and pashed pash	schnical liquiding singst fittle rices as multi- parabert, spo- subert. Son the openit, the day, further still distance before took levels	Industrict as a factor of the control of the contro	ry support 200 lower sould Burn to sellin to continue sell-orde The littl port the n failed a t-taking o the lower
COFFEE	Yesterday close	+ or	Business Done
. Nov	12195-2208	—1785.QI	2560-2160

SOYABEAN MEAL				
	Y'stard 'ya close	+9	Business done	
ctober ec eb pril une ugust utober	2 per tonne 156,5-167,8 154,6-154,4 154,0-155,2 156,8-157,3 154,5-156,8 155,5-154,0 156,5-155,5	+0.26 -0.89 -1.95 -0.50 -0.86 -1.10 -0.50	136.0 134.5-134.7 135.8	
Selse: 12	8 (29) lote	of 20	tonnes, .	

GRAINS Wheat found sellers witching a major fee	iture but value:
remained in a narrow saw Itmited trading mainly evident in def reports T. G. Roddick.	with Strengti
WHEAT Yesterday's - or	BARLEY Yest'rdy's d

	esterday a	Hr or i	A COLL LATA.	-			Cha
Math	close	-	Cicse	-	-3-3 - Serventers on 10	Latest	<u>+0</u>
Y-w	107.90	_ TE	109.25	-0.18	CRUDE OIL-FOR(#	per barrol)—	Oct.
	110.05			+0.26	Arab Light		1 _
	112.35			+0.26	Arab Heavy	_	! _
	114.65		114,50	+0.25	Dubai	13.56-78.68	-0.0
	117.25	!	<u> </u>		Brent Blend	15.90-14.00	(<u> </u>
Bep	99,60	i — i	99,60	_	W.T.I. (1pm est)	14,81-14,86	[—o.:
NOY	102,25	i — i	102,25	ì —	Forcados (Nigeria)	. —	J -
					Urals (cif NWE)		- 1
Bus	iness done	_10700	St Nov 1	08,00-			1
7.60,	Jan 110,10-	9.9 0,	Mar 112.3	5-2-20,	PRODUCTS-North V	Yest Europe	1
May	114.60-4.50,	July	untraded,	Sept	Prompt delivery of	(5 per tons	re)
99.5U ⁴	9.25, Nov 1	U4.20-7	LUU. SENS	5; 466	Premium gasoline	157-160	
	f 100 tonne	3, _B	ney; Nov	100.25	Gas Oil	718-121	1 -
oniy.	Jan 111.15	1.00,	Mar 113.2	5-3.ZU,	Heavy fuel oil	75-75	1 -
Mary .	114,35 only I, Seles: 4	, 3 ep	t and Mo	v un-	Kaphtha	118-120	[+O.
	DON GRA	1 1945 1940 v	אר שטו זם	onnes.	"November.		
with	m spring	N 1	Frenc US	Ounc			
17.75.	Nov 99,2	i. Dec	100.25	is no	GAS OIL F	UTURF	5
2 nof	t red win	tar O	et 102.25.	Nov		II	

rices (including co-responsibility evy of 23.373 a tonne): Feed Barley: isstern 107.00, E. Mida 108.10, N. East 09.20, Scotland 105.50. The UK nonstary coefficient for the week beneated in the second of the secon

PHYSICALS — The London market opened assier, drifted lower and closed quiet end essier, reports Lawis end Peat. Closing prices (buyers): Spot 88.00p (67.00p); New 64.80p (88.00p); Dac 64.80p (68.00p). The Kuels Lumpur fob price (Malaysien cents kile): RSS No 1 230.0 (227.5) and SMR 20 205.0 (206.0). FUTURES—Index 654, Nov 645-658, Dac 650-650, Jan-March 658-658, April-June 669-677, July-Sept 671-682. Sales; nil.

POTATOES

announcement the market fell in the (£186.00) a tonne for export.

efferment before recovering towards international Sugar Ag
the close, reports Coley and Harper, (US cents per pound fob an

SOYABEAN OIL 60,000 lbs, cents/lb

14.70
14.80
Oct 14.44 14.52 14.26 14.90
Dec 15.16 15.19 14.92 16.16
14.80
Nerch 15.55 15.56 15.30 16.72
Prev 455.7 15.75 15.80 16.70 16.80
428.0 Oct 14.64 16.20 16.70 16.80
Aug 15.75 15.85 15.80 16.70 16.80
428.1 Oct 16.00 16.00 16.00 16.80
429.8 SOYABEAN MEAL 100 tone, 5/ton 483.5 16.20 16.00

42.10 43.65 44.57 44.80 42.55 41.05 40.50 40.00

Yesterdays Previous Business closs close done

Sales: 840 (717) lots of 40 tonnes.

Change | Latest | Change | Cha

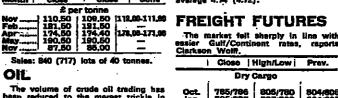
Turnover: 1,835 (2,997) lots of 100

LONDON DAILY PRICE—Raw sugar \$122.50 (E94.50), up \$1.50 (up £1.00) a tonne for October-Novanber de-tievery. White sugar \$178.00, up \$2.00.

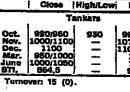
SUGAR

13.55-14.85 0.05 13.90-14.00 0.15 14.85-14.85 0.15

International Sugar Agreement— (US cents per pound fob and stowed Caribbean ports). Prices for Septem-ber 30: daily price 4.81 (4.98); 15-day avarage 4.74 (4.72).







JUTE

The International Jute Council began a three-day meeting in Dacca yearse-day to consider how to face a growing challenge from synthetic fibras which has depressed world jute prices, reports Reuter.

Delegates at the meeting said the Council, the highest executive body of the international Jute Organisation, will review tarm management, progress in developing new jute variaties and production and marketing outlook for next year.

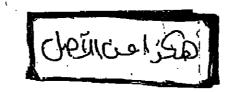
Representatives from 31 Organisation member states and 24 observer countries are attending the meeting.

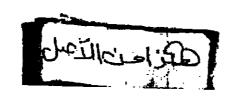
Indi to halt

sugar imports INDIA will stop importing sugar for four years immediately because domestic production and stocks will meet demand, Mr Ohruy Sawhney, Indian Sugar Mills Association, told the grant's approximate the the group's annual meeting. India imported a record

1.75m tonnes of sugar in 1985-86 against 500,000 in 1984-85, he Mr Sawhney said output will rise by at least 1m tonnes to 8m tonnes in 1986-87, 9m in 1987-88, 9.5m in 1988-89 and 10.2m in 1988-89

• THE 1986 Mauritius sugar crop could be the biggest in 13 years and might exceed the





CURRENCIES, MONEY & CAPITAL MARKETS

reduce the trade imbalances between major industrial coun-tries. The dollar closed at DM 2.0245 compared with DM 2.0265

% charge adjusted for divergence +0.90 +1.24 -0.61 -0.05 -0.34 +0.01 -2.06

167-165; ps 1.97-155; ps 0.83-0.85; ds 0.44-0.39 ps 12-166; 0.79-0.74ps 325-425; ds 195-235 ds 12-166; 15-25-15-65;

101-101 64-64 84-64 64-64 64-64 104-114 14-114 14-114 14-114 14-114 14-114 14-114

10월-10일 664 8급-8급 5급-5급 4-45 73-81 73-81 74-75 11-17 74-75 91-64

DE YER FF. SF. H.FL Lim CS B.Fr.

H FL 0.303 0.438 0.885 67.50 2.896 0.718 1 612.3 Lim 0.495 0.715 1.445 110.2 4.733 1.173 1.433 1000

0.720 1.455 111.0 4.766 1.181 1.644 1.007 2.364 4.828 367.4 15.78 3.911 5.446 3335.

FOREIGN EXCHANGES

Dollar and pound weaker

2.92 from DM 2.9325; to PFr 9.5850 from FFr 9.6125; to SFr 2.37 from SFr 2.3825; and to Y222.75 from

POUND SPOT—FORWARD AGAINST THE POUND

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

THERE WAS no sign of a recovery in US economic growth from the latest data, and the dollar had a generally weaker tone yesterday. The cut in the August trade deficit, announced Tuesday, was encouraging, but appeared to be the result of lower imports rather than better performance by US exports.

A rise of 1.1 per cent in US construction spending was supply figures will be published on Tuesday. North season property of the Coper meeting open positions until the dollar money to the discount houses at 10 showed a clear direction. Comments by Mr James Baker, US treasury Secretary, before a meeting of the IMF, came too late to influence Frankfurt trading and yesterday's US economic data and UK money supply figures will had little impact. There was also be published on Tuesday. North season of 1.1 per cent in US weaker yesterday, and prevous man Finance Minister, said that season and prevous about the Open meeting of the IMF, came too late to influence Frankfurt trading and yesterday's US economic data was yesterday. North season of 1.1 per cent in US weaker yesterday, and the open meeting of the IMF, came too late to influence Frankfurt trading and yesterday's US economic data was yesterday. North season of 1.1 per cent in US weaker yesterday, and the open meeting of the IMF, came too late to influence Frankfurt trading and yesterday's US economic data was yesterday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on Tuesday. North season of 1.1 per cent in US was published on

A Octoper 5 1st

(CAGO

Organisation of Petroleum Expor-ting Countries meet on Monday and UK money supply figures will be published on Taesday. North Sea oil prices were slightly weaker yesterday, and nervous-ness about the Opec meeting, while nid-September money sup-ply growth has been forecast to be in the region of 2.5 to 3.0 per cent. The pound fell 28 points in \$1.4455-1.4455 and declined to DM 2.92 from DM 2.9325; to PFr 9.5650 A rise of 1.1 per cent in US construction spending was surprising but factory goods orders fell by 1.4 per cent, which was within the range of most expectations. Dealers were looking for guidance on the dollar from the address by Mr James Baker, US Treasury Secretary, to the meeting of the International Monetary Fund in Washington, but he said exchange rates should not be the sole instrument of adjustment and once again ursed Monetary Fund in Washington, but he said exchange rates should not be the sole instrument of adjustment, and once again urged other countries to beost economic growth.

The dollar fell to DM 20215 from DM 26270; to FFF 6.62 from FFF 6.62 from FFF 6.62 from FFF 6.625; to SFF 1.6410 from SFF 1.6460; and to Y154.15 from US currency was fixed in Frank Y154.35.

On Bank of England figures the exchange rate index fell to 110.1 from 110.2

STEEKLING—Trading range against the dellar in 1886 is 1.5555 to SFF 2.37 from Y223.35.

D-HARK—Trading range against average 2.9624.

Exchange rate fidex 141.9 against 1821 six menths age.

The D-Mark was steady against 1821 six menths age.

The D-Mark was steady against 1821 six menths age.

The D-Mark was steady against 1821 six menths age.

The D-Mark was steady against 1821 six menths age.

The D-Mark was steady against 1821 six menths age.

The D-Mark —Trading range 2.9624.

Exchange rate fadex 141.9 against in 1846; and to Y223.35.

The dollar fell to DM 20215 from FFr 0.6125; to SFF 2.37 from Y223.35.

The dollar fell to DM 20215 from The D-Mark was steady against 1821 six menths age.

The D-Mark—Trading against 1821 six menths age.

The D-Mark —Trading against the dellar in 1886 is 1.8560

The D-Mark —Trading against 2.9624.

Exchange rate fadex 141.9 against 1821 six menths age.

The D-Mark —Trading against 1821 six menths age.

The D-M

STEELING—Trading range against the deliar in 1986 is 1.5355 to 1.3760. August average 1.4870. Exchange rate index fell & 1 to 68.6. Exchange rate index fell & 1 to 68.6. Sterling lost a little ground yesterday in nervous trading, as dealers remained uncertain about the ability of the UK authorities to maintain the current value of the currency without a rise in bank base rates. The Bank of England underlined the present level of

Ē	N	NEW	YORK
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_6			<u> </u>
Ξ.	0ct 1	Latent	Previous Close
10.77 G	E Spot	1.4450-1.4460 0.48-0.46 pm 1.52-1.48 pm 5.85-6.75 pm	1.4430-1.4440 0.56-0.56 ps 1.70-1-67 ps 6.03-5.95 ps
-	Forward pres U.S. dollar.	niums and disco	wits apply to ti
,	STERLIN	G INDEX	. :
E			7 B

-UNREIT	7 70	()ED	
04.1	水麻	Special Drawing Tights	Europe Corres Unit
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leotsche Mark leth. Golider reach Prant lellas Lisk leanese Yes	372 472 972 12 372	2.45573 2.77428 8.04304 1695.33(1) 186.890	2.0902 2.3614 6.8443 1444.9 159.29
crycay Krone paelsh Peneta welsh Krona welsh Prants raek Deach;	8 4 202	8.9388. 161.637 8.98911 1.99244 163.947	7.6149 137.62 72249 13456 139.75

CS/SDR rate for Sep.30; 1.68483

URRENCY	MOVEME	
October 1	England Index	Gueranty Changes %
ering	683 1101 77.0 1321 97.0 89.2	-24.3 +1.9 -13.0 +8.6 -5.9 +1.5
ulsche Mark les Franc ilder Franc	141.0 168.7 129.8 70.0 47.8 216.5	+188 +230 +124 -132 -159 +611

0.29280-0.2938 41.90-42.00 2.6250-2.6280 2.0438-2.0495 3.7495-3.7500 2.1700-2.1720 2.2275-2.7520

MONEY MARKETS

Interest rates lower as pound steadies

UK INTEREST rates were lower yesterday as sterling showed signs of stability. Later in the day the Bank of England offered late help as a fixed rate of 10 per cent which dealers interpreted as a sign of the authorities' determination to

UK clearing bank base leading rate 10 per cent

nii tahili

was quoted at 10H-10H per cent, down from 10H-10H per cent, while one year money eased to 10H-10H per cent. Overnight money opened at 9H-9H per cent and touched a high of 10H per cent before this while at 2 per cent. high of 10% per term pentage finishing at 2 per cent.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £650m and Exchequer transactions a further \$250m There was along a rise in the

10-104 6-64 7-69, 57-54 4-4, 71-8 92-104 63-74 53-6 9-64

The Bank offered an early round of assistance which totalled £251m and comprised purchases of £25m the authorities' determination to maintain the current rate structure. The Bank's kelp, which is repayable on October 9, spans next week's Opec meeting and release of the next UK money supply figures.

The Bank's kelp, which is of cligible bank bills in band 1 at 9% per cent 267m in band 2 at 9% per cent and £27m in band 3 at 9% per cent. In band 4 it bought £7m of local authority bills and £125m of cligible bank bills all at 9% per cent.

The forecast was later revised to a shortage of around £500m before taking into account the early help and the Bank gave additional assistance in the morning of £274m through outright purchases of £35m of eligible bank bills in. band 1 at 9% per cent, £130m in band 2 at 9½ per cent, £78m in band 3 at 9% per cent and £31m in band 4 at 91 per cent

Further help was provided in the afternoon of £294m through outright purchases of £227m of eligible bank bills in band 1 at 9% per cent, £40m in band 2 at 913 per cent and £27m in band 4 at 913 per cent. Late help totalled £55m at a pre-set rate of 10 per cent repsy-able on October 9. Total help was

FINANCIAL FUTURES US bond prices firmer

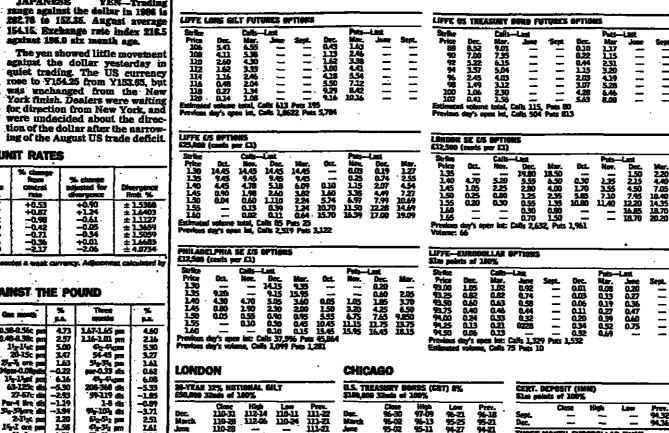
US BOND futures were higher in the London International Financial Futures Exchange yesterday. Statistics on US factory goods orders and construction spending and sellers soon appeared to take were largely ignored while news the price back to a closing level of that the recent G5 meeting had not come to any firm agreement on interest rate and currency movements tended to inhibit any further rise.

The December price opened at 96-12 way and after opening at 94.03 for December delivery, initial optimism at breaking through 94.00 before demand on short covering failed to attract any follow through demand and after When Chicago entered the market later in the day sentiment con-

developed. An attempt to revive the bullish trend after the start of tred out is trend after the start of trading in Chicago met with the same resistance and the price finished at 94.04.

Long gilts opened at 112-10 for December delivery and after touching 112-14, traders saw little

touching 112-14, traders saw little reason to maintain these levels and prices fell quite sharply as a result. A lack of retail interest and only a little comfort in sterling's fairly steady trend ensured that the December price fell to a low of 110-11 before coming back to close at 110-31, still down from 111-22 on Traceter.



High 94.90 94.65 94.65 94.97 92.60 92.25 92.85 Pres. 94.83 94.76 94.57 93.90 93.54 93.18 94.26

Dec 96-09 96-38 96-10 March 96-09 96-38 96-10 Est Volume 146 (141) Previous day's open int. 1.172 (1,177)

High Low 97.03 96.08

CURRENCY FUTURES Close High Low 14300 14340 14290 14030 14185 14120 13980 14045 13980 13875 13925 13875

FT LONDON INTERBANK FIXING

UIL 00 p.m. Oct. 1) 3 months U.S. dollars

LONDON MONEY RATES

Oct. 1	Over- might	7 days notice	Month	Titree Months	Siz Monds	(Inc
instant. Inglies CDs. Inglies CDs. Inglies CDs. Inglies CDs. Inglies Inglies Interity Bunds Interity Bu	2102 91-10 1004 	92-104 92-104 92-44 10-4	104 104 104 104 104 104 104 104 104 104 104 104 104 104 104	10-104 104-104 10-104 1	105-101, 102-1012 102-101, 103-101, 104, 	101-10 102-10 103-10 103-10 104- - - - 62-62 72-73

Treasury Sills (sell): one-month 10% per cent; three-months are presented at the count and the county Sills (sell): one-month 10% per cent; three months 10% per cent. Treasury Sills: Average tender rate at this county 9.6865 per cent. ECGD Fixed Fixance Scheme IV reference date August 6 to September 2 Shoulders: 9.890 per cent. Eccle Fixance Scheme IV reference date August 6 to September 2 Shoulders: 9.890 per cent. State 10 per cent from Decober 3, 1986. Sank Deposit Renes for sums at upper days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit 2100,000 and once held under one month 9% per cent. One-direct months 10% per cent, three-directions of the cent, three-directions of three-directions of the cent, three-directions of the cent, three-directions of three-directions of the cent, three-directions of thr

COMMERCIAL **PAPER**

The Financial Times proposes to publish a survey on the above subject on Friday 28th November 1986.

> It is intended to cover the following areas:

The US Commercial Paper Market **Eurocommercial Paper** Commercial Paper and the Banking System Medium Term Notes The Role of Rating Agencies Commercial Paper and the Clearing Systems Sterling Commercial Paper

For further details of advertisement rates, please contact:

Nigel Pullman FINANCIAL TIMES, BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4P 4BY Tel: 01-248 8000, Extn: 4063

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

FINANCIAL TIMES CONFERENCES



DEVELOPING THE GLOBAL MARKET FOR EQUITIES

London, 21 October 1986

The Financial Times, in association with The Banker, is staging its first major forum on the worldwide equity market, to be held in London at the Merchant Taylors' Hall. The programme, timed to precede Big Bang, brings together an impressive range of speakers to discuss the prospects for the 24-hour market, regulation, and the role in the market for the City of London. Chaired by Mr Andrew Large of the Swiss Bank Corporation International Limited, speakers include:

Mr Christopher Reeves Morgan Grenfell Group plc

Mr Gary G Lynch Securities and Exchange Commission, USA

Mr Sven Wallgren Esselte AB

Mr William Lupien Instinct Corporation

Mr Richard Lutyens Merrill Lynch Europe Ltd

Mr Richard Britton The Securities and Investments **Board Limited**

Mr John Hewitt Scrimgeour Vickers & Co.

Mr Philip Thomas SRI International

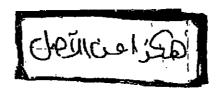
DEVELOPIN	G THE
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FOR EQUITI	ES

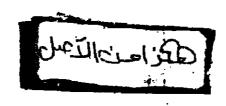


A Financial Times International Conference The Banker

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LONDON STOCK EXCHANGE

Account Dealing Dates Option
*First Declara- Last Account Dealings tions Dealings Day Sept 15 Sept 25 Sept 26 Oct 6 Sept 29 Oct 9 Oct 10 Oct 20 Oct 11 Oct 23 Oct 24 Nov 3

ment advisory company. The major clearers extended Tues-

day's technical improvement, but closing gains were modest. Rumours that Lleyds was on the

verge of acquiring Canada's seventh largest bank, Continental Bank of Canada, deterred inves-tors aithough Lloyds edged for-

ward a couple of pence to 414p. Midland added 5 at 539p and Nat-

West 2 at 514p.

Breweries continued to attract buyers for choice. Guinness, 318p, Bass, 692p, and Allied-Lyons, 306p, all added around 8, the last-men-

tioned additionally aided by a bullish circular from brokers de

Zoete and Bevan.

Redland held the limelight in
the Building sector and dropped
33 to 386p following the proposed
£181m rights which will partly

finance the acquisition of Genstar Stone from Imasco subsidiary Flintkote for \$317.5m (£220m).

results were announced at the end

of September.
Fosco Minsep's interim results

Fosce Minsey's interim results were viewed as disappointing and the shares retreated to 208p before staging a good rally and closing a net 5 off at 218p. Amersham hardened 3 to 423p following publicity given to a brokers circular, while Thurgar Bardex were a share better at 65p on further consideration of the good interim

sideration of the good interim figures announced along with the £1.89m rights issue on Tuesday.

ICI gradually improved to end the day ¼ higher at £10%.

Blacks bid lapses
Camping and leisure concern
Blacks halved in price to 2p as
Sears allowed its bid to lapse; the
offer worth 3.6p per Blacks share
was conditional on Sears receiving acceptances in respect of 90
per cent of the equity capital in

way with a gain of 1 at 22/p, white Dixens improved 12 to 34/p reflecting the confident tenor of the chairman's statement at the annual meeting. Double-figure gains were also recorded by Woolworth, 615p, and Storehouse, 313p.

cial now controls just under 27 per cent lifted Bremner 2 more to 66p.

FT-ACTUARIES INDICES

Zoete and Bevan

""New-time" dealings may take place from 9.30 am two business days earlier. The recovery in UK Government bonds began to falter in late dealings in London, as sterling faled to sustain the improvement of the previous session. Early gains were lost at mid-day, and the final hour onger-dated issues showing small irregular changes on over-night positions. The FT Govern-ment Securities Index, at 82.83,

ment Securities Index, at 62.63, was 0.06 down.

Stock markets, however, continued to move up sharply, led by a batch of UK multinationals, and heartened by a strong start on wall Street. The FT-SE 100 Index wan street the F1-32 no index climbed a further 22.5 to 1,578.3, and the FT Ordinary share index gained 24.7 ponts to 1,251.7. Gilt-edged securities opened with half-point gains as the mar-

with man-point gains as the mar-ket followed through on sizeable buying orders received late on Tuesday. Much of the gain proved to be little more than a mark-up by the market traders, however, and Flintkote for \$317.5m (£220m).
Other building issues made progress across the board, with BFB well to the fore and finally 11 firmer at 446p. John Mowlem continued their recovery and put on 6 more at 388p, while Cestain edged up 4 to 510p and John Laing a similar amount to 357p. Blue Circle rose 5 to 563p. Brickmakers Instock Johnsen added 4 to 172p in front of today's interim results. Elsewhere, Aracliffe jumped 11 to 69p amid rumours of imminent bid developments; in previous years the company's interim results were announced at the end the market traders, however, and by mid-morning, prices were no more than a touch firmer. After that "rigor mortis set in," com-mented one trading house, and, notwithstanding an opening uptick in New York, London bonds drifted off.

There was no great loss of confidence, however. While still await-ing the outcome of the latest prob-lems with sterling, gilt-edged dealers hope that the bond market may be establishing a new trading range. Volume has picked up from the poor levels of past weeks, and yesterday saw some fairly good

two-way business.

The upturn in the equity market again reflected strength in a relatively narrow band of major industrial stocks, some of which will be helped in export markets will be neiped in export markets by any prolonged weakness in sterling. Several blue chips are now also benefiting from UK buying after a period of signifi-cant selling pressure from across

the Atlantic.
Glaxo, which has been depressed by US selling after a major US broker reversed a once favourable opinion on the stock, continued to recover as institutio-nal buyers picked up the stock. There was substantial turnover in Beecham ahead of a major pre-sentation to analysts in London last night. One major US broker was buying Beecham stock in Lon-don, but the UK market was cautious, remembering that several other US houses hold stock at current levels. With prospects for an early increase in base rates now interbank rates of 1013, bank shares managed only small gains.

Equity leaders progress further but gilt-edged of Forstmann-Leff Associates, a leading New York-based invest-

recovery loses momentum

FINANCIAL TIMES STOCK INDICES										
	Oct.	Sept	Sept	Sept Sept year	19	86	Stace Compliation			
	1	30	29	26	25	age	High	Low	High	Low
Government Secs	82.83	82.89	81.75	83.39	83.06	84.06	94.51	80.39	127,A	49.18
			1	í l			(1841)	(20/1)	(9:1/35)	(3/2/75)
Fixed interest	90.41	90.18	89.96	90,44	90.68	89.73	97.68	86.55	105.4	50.53
				ا . ۔۔۔ ا	<u></u>	l l	(7/7)	(23/1)	(28/11/47)	(3/1/75)
Crolinary ♥	1,251.7	1,227.0	1,212.6	1,238.4	1,242.3	1,0125	1,425.9	1,094.3	1,425.9	49.4
1							(3/4)	(14/1)	(3/4/86)	(26/6/40)
Gold Mines	321.5	319.0	323.8	328.3	336.2	291.4	357.8	185.7	734.7	43.5
Ord. Div. Yield	4.43	4.52	4.56	4.46	4.45	4.58	(22/9)	(187)	(15/2/83)	(26/10/71)
						1 1		S.E. AC		
Earnings Yid.%(full)	10,17	10.37	10.47	10.26	10.23	11.23	inc	ilices	Sept. 30	Sept. 29
P/E Ratio (net) (*)	12.06	11.83	11.71	11.95	11.98	11.03		Bargains	164.4	103.3
Total Bargairs (Est)	22,147	20,720	21,631	21,638	20,860	21,299	Equity Barr	,zinis	1186 1341.4	109.5
Ecolity Turnover £m	· -	663.64	552.41	746.28	527.31	426.91	Equity Valu 5-Day Aver		13414	1116.6
Equity Bargains	!	18,307	16,903	22,839	18.003	18,120		age Bargains	130.1	124.2
Shares Traded (mi).		281.4	252.6	348.0	241.7	211.8	Equity Barg	pins	120.7 1203.5	124.6
SIBRES FRANCO STILL		201.4	3	760	241.7	EILD	Equity Valu	*	1203.5	1147.6
					ī [:			7 [
	10 a.m. 1236.5		a.m. 37.9	Noon 1238.3		p.m. 239.1	2 p.m 1241.	; 3	p.m.	4 p.m. 1248.2
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Day's High 125	1.7. D	ay's Low	1236.5.							
Basis 100 Govt.	Secs 15/7	0/26, Fixe	d Int. 192	8, Ordinary	1/7/35, Go	ald Mines :	12/9/55, SE	Activity 197	4 °NII-11.	SE.
	LANDAN	DEDAD	T AND	ATECT	ČUARE	INDEY.	TEL. 01-2	46 0006		-

and closed 6 higher at 211p, while fresh speculative attention was directed towards Martin Ford, 4

up at 64p, and S & U Stores, another 2 better at 49p.

Plessey featured leading Electricals with a fresh gain of 12 to 180p; investors reportedly paid belated heed to recent comment on the company's System X discus-sions with GEC, 4 higher at 170p. Thera EMI revived 8 to 459p. Elsewhere, excellent annual profits from Alan Sugar's Amstrad had already been discounted but the already been discounted out the leap in preliminary pre-tax profits to over £75m, from £20m last year, raised the shares to 138p before a setback to 132p and an unaltered close of 136p. Stone International reflected takeover speculation with a rise of 6 to 170m, while raying a speculating speculation with a fise of 6 to 170p, while revived speculative demand in a restricted market lifted Applied Holographics 30 to 248p. Process Systems added 7 at 23p and Microgen put on 10 at 377p. Bennett and Fountain cheapened a penny to 24/sp on the proposed rights issue accompanying the results.

GKN moved up 5 further to 256p and Hawker rallied 3 to 441p. Else-

ing acceptances in respect of 90 per cent of the equity capital. In the event, acceptances totalled only 54.7 per cent. Sears, scheduled to reveal first-half figures next Tuesday, improved 3 to 114p.

Store leaders took Tuesday's rally a stage further. Boots led the way with a gain of 11 at 227p, while support on takeover possibilities support on takeover possibilities and ended 14 to the good at 208p. Morgan Grenfell rally

Merchant banks were highlighted by a recovery in Morgan
Grenfell which rallied to 403p
ahead of Monday's interim
results. Mercury International,
also a notable recent casualty,
recouped the same amount at
290p, while Hazabros continued
firmly at 240p, up 4. Guinness Peat
hardened a couple of pence to 81p
following details of the company's
cial now controls just under 27 per

ting the confident tenor of the
chairman's statement at the
annual meeting. Double-figure
gains were also recorded by Woolagreement with General Motors.
Teceived an additional boost by
the announcement that Mr Ron
Brieriey's IEP Securities hold
or 7m shares in the company,
and the close was 9 higher at 185p.
Speculative buying lifted Boeth
ladustries 7 to 93p and Meggitt the
same amount to 123p.
Food issues continue to lag Food issues continue to lag

behind and only Tesco made any

appreciable headway, closing 5 a rise of 10 at 323p. Pentland dearer at 390p. Cadbury-Schwep-Industries firmed 10 to 455p on pes were unmoved by news that expansion hopes for its US the group intended to reduce its Reebok subsidiary and bid chatshareholding in its South African ter lifted Sandhurt Marketing 8 to subsidiary from 64.4 per cent to 80p. News that Mr Tony Cole had 53.1 per cent. This is to be effected increased his stake in the comby Cadbury-Schweppes (SA) pany to over 9 per cent left Best-purchasing Bromor Foods for wood 5 dearer at 455p. The R223m. raising the necessary recently volatile NMW Computers funds via a private placing of held firm at 270p awaiting today's 1.115m shares at R20 each with interim figures.

1.115m shares at H20 each with Anglovaal. The latter will then hold a 17.6 per cent stake. Albert Fisher rose 6 to 185p following the acquisition of Tavilla group, a privately-owned Florida-based fruit and vegetable, wholesaling and distribution concern. Despite the interim profits recovery and proposed consolidation of the shares osed consolidation of the shares from 1p to 10p units, Barker and

Dobson eased 4 to 144p. Further "call" option activity helped J. E. England gain ? more to 57p.
Trusthouse Ferte took over in Hotels, rising 7 to 157p, while Grand Metropolitan could only maintain the overnight level of maintain the overnight level of

Beecham advance

Miscellaneous industrial leaders took Tuesday's, technical recovery a substantial stage further with persistent US supfurther with persistent US support producing a gain of 23 to 411p in Beecham and a rise of 35 to 965p in Glaze. Hansen Trust closed 5 up at 187p following news that the company had received approval for its ADR listing in New York, while British Aeruspace advanced 21 to 461p on hopes that it will be a major beneficiary of a 100 Airbus A-320 short range 150-seat aircraft order currently being negotiated between Airbus Industrie and NorthWest Airlines of the US. Elsewhere, Polymark rose 3½ more to 20p on further consideration of the strong half-year profits recovery, while Booker reflected revived speculative support with

Jaguar advanced 17 to 523p amid thoughts that sterling's recent fall against the D-Mark could prove beneficial to the company. Similar sentiments pre-vailed in Lucas, 10 up at 498p, and Dewty, 4 to the good at 196p. Among Distributors, BSG International touched 51p following the interim results but settled only a fraction firmer on balance

only a fraction firmer on balance at 49p.

The battle for control of printers McCorquodale took another turn as Mr Robert Maxwell announced the purchase of 3m shares, representing around 5.9 per cent of the equity. Last week, Norton Opax unveiled revised terms for McCorquodale having received Monopolies Commission clearance to resume its offensive. The new offer was quickly The new offer was quickly rejected by McCorquodale and Extel were reportedly prepared to

Gold shares inched higher during the early part of the day, reflecting modest buying interest from Johannesburg and a number A firm Proprty sector was featured by speculative inquiries for several smaller groups. Persistent demand raised Control Securities 2 to 17p, while Gilbert House rose 3 to 17p; Letts Green Estate, which is owned by family interests of T. Parrett, the chairman of Gilbert House, made an offer in August to acquire the shares not already-owned at 15p per share cash, or £1 nominal of 6 per cent loan stock for every five GH shares. Ahead of today's annual meeting, Paridate revived with a rise of 5 to 76p. Against the trend, Estates and General reacted 7 to 113p.

A rally in Sydney and Melbourne markets overnight course with a firmer trading centres, but turned easier towards the close. Nevertheless, the Golds "Amguld" showed a ½ rise at £51% but the leading Golds "Amguld" will kelhaak added ¼ at £12%, but the majority were either more over the day. In the cheaper over the day. In the

bourne markets overnight cou-pled with the firmer trend in bul-Amagament Financial investments hardened 3 more for a two-day advance of 9 to 42p, still reflecting revived speculation of a full-scale bid from HDFI, the pled with the firmer trend in bullion encouraged support for Central Norseman Gold, 15 higher at
663p, and Gold Mines for Kalgoorlie, 30 better at 623p. Whim Creek
edged up 5 to 175p and Poseldon 4
to 167p. Among the second-liners,
Branswick remained a strong
market and put on 4 more to a
year's best of 56p. Carr Boyd were
a similar amount firmer at 49p.
Greenwich Resources, currently
developing the Gebeit gold mine Australian investment banking Australian investment banking group. Elswhere in otherwise subdued Financials, USM-quoted Yerk and Equity returned to favour with a gain of 5 to 59p following option business. Ablugwerth eased the turn to 210p after the preliminary figures. the preliminary figures. developing the Gebeit gold mine

Oils advance

The leading oils shrugged off a decline in crude prices—triggered by the latest American stocks data which showed a build up of crude oil stocks—and made up of crude oil stocks—and made further good progress helped by renewed arbitrage buying. BP moved up 10 more to 676p and Shell 7 to 913p. Ultramar were actively traded and jumped 10 to 158p following news that New Zealand's Rainbow Corporation and Equiticorp speak for 4.9 per cent of Ultramar's issued capital and have formed a joint venture to "pursue further investment in have formed a joint venture to "pursue further investment in Ultramar," IEP Securities. Ron Brierley's UK investment group, recently upped its stake in Ultramar to 13.2 per cent. IC Gas, a strong market in recent months amid widespread bid speculation, slipped 3 to 503p. Bursish attracted US support and edged up 4 to 359p while Britoll improved 3 to 123p, as did Lasme, 118p.

In secondary oils, Conroy Pet-releum and Natural Resources jumped 7 more to a 1986 high of 1859 as persistent Irlsh buying accompanied rumours of an imminent drilling report from the com-pany's operations in the Irish Republic. Ambrit International (formerly Steaua Romana) har-dened a penny to a year's best of

favour among Plantations, rising 8 to 76p; the shares attracted sub-stantial demand during August following an investment recom following an investment recom-mendation.

Interest in mining markets remained at a low level but a slightly firmer trend in precious metals encouraged a modest rally in South African gold and related issues after six days of continuous folls.

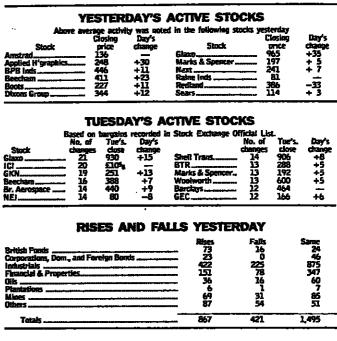
falls. Bullion held around \$425 for much of the session prior to clos-ing a net 62.5 cents off at \$423, in the Sudan, attracted support Traded Options

Traded Options began the month in lively mood with dealers reporting interest throughout the list Boots were particularly active with 1,677 calls and 1,279 puts struck, reflecting the strength of the underlying share price. Han-son Trust attracted 1,380 calls. Total contracts transacted yesterday amounted to 22,224, comprising 14,663 calls and 7,561 puts.

Traditional Options

- Sept 22 Oct 6 Oct 20 Last
- Oct 3 Oct 17 Oct 31 Dec 18 Jan 8 Jan 22
- Declaration For Settlement Dec 29 Jan 19 Feb 2

For rate indications see end of Unit Trust Service Stocks favoured for the call included Tricentrel. Mitchell Cotts, Amstrad, TV-am, Freshbake, York and Equity Trust, Bryant, NMC, J. E. England, Clogau, CASE, Amalgamated Financial Investment, Great Victoria, North Kalgurii, DSC, Peek, Johnson and Firth Brown, STC, Abaco Investments and Sound Diffusion. No outs were reported, but sion. No puts were reported, but doubles were transacted in York and Equity, and Amstrad.



NEW HIGHS AND LOWS FOR 1986

EUROPEAN OPTIONS EXCHANGE

\$400 \$420 \$440 \$460 \$480 \$360 \$370 \$400 \$420

Vol. Last Vol. Last Vol. Last

45 33.50 24A — 11 — 5 12 20

37050

(2) Amfirit lad R²V, Comy Pet & Nat Resources; GVERSEAS TRASERS (1) Ocean Wilson; MINES (11) East Doggs, Coss Gid Fields, Brassakick, For-sayth, Normady Resources, Pan Aust Min, Paragon, Petsart Res, Sann Res, Windsor Res, Greenwich NEW HIGHS (57)

BRITISH FUNDS (2) EACH 20c 1986, Each 20cc 1987; AMERICANS (1) Tecazo; CARADIANS (3) Golden Scentre, Goldth Gold Mines, Grangers Explicabilities (2) Basco Certal, HK & Stampins Barlines; BJML BRESS (2) Helicar Bar; CREMICALS (1) Cary (Horace); STURES (2) Brenner, S & U Stores; ELECTRICALS (2) Quest Automation, Zygai Dynamics; ENGINEERING (3) Book hats, Hangson inds, Hopkinsons; FROOS (1) England (L. E.); HROUSTRIALS (10) CCA Galleries, China Light, Fletcher Challenge, Hewint (1.), Matheston 7/Apr., Pank Hidgs, Polymark (od, Do A, Restmor, Worcester, LEISURE (3) Stanley Lessare, Thamstry, Ulster TV NV A; WRTORS (2) Abbay Parels, Aerospace Eng PAPER (3) McCorproduke; PROPERTY (2) Gilbert Hise Iow, Warnford Ior, TROSTS (7) German Smaller Ior, Mild Wynd Int Im Iv., Pacific Assets Trust, Analgamated Fin Invo, Bertuley Technology, Inv AB Beller A, Investment Co; Bill.S

RES.

NEW LOWS (25)

AMERICANS (1) Calinet Software; BREWERS
(2) Highland Distillers, Invergorden Distillers;
BUILDINES (1) Aberdene Construction; Chellers;
BUILDINES (1) Aberdene Construction; Chellers;
CALS (1) Morceae: ELECTRICALS (3) Micro
Scope, NEI, Rezal Elect 7pc Cwv 2200714;
ENGIRICERINE (2) Renold, VSEI, Consordum;
HOTELS (2) Ryan Hotels, Sawy Hotel A; IMPUST:
RAMAS (6) Dyson (J. & J.J. A, Fogary, High Point
Services, Stevling Ind., TSL. Thermal Syndicate,
Toge; INSURANCE (1) Heath (C. E.); PAPER (1)
Barker (Charles); PROPERTY (1) Bredero Properties; SHIPPING (1) Lyle Shipping Ph; TRUSTS
(3) Shires In, Abiognorth, Nat Homes Lin Spc Cov
Uns Lin 2005.

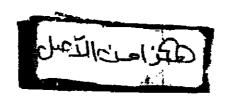
			Indica ne Inst	es are	the joi	nt con	apik	rtion		Finan				
	EQUITY &	,	Wednesday October 1 1986					Tites Sept 30	Mon Sept 29	Fri Sept 26	Year ago (approx.)			
Fi	gures in parenthes stocks per		number	of Inde No.		oe IOMaa	1%	Gross Div. Yleki % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	index No.	ludéx Ng.	irdex Na.	Index No.
1 2 3	CAPITAL GOODS Building Material Contracting, Cons	s (26) truction ((31)		61 -0./ 89 +0./	2 9	43 73 20	3.92 3.92 4.10	13.48 12.96 16.70		749.39 1141.19	742.45 1138.82	763.51 1171.68	
4 5	Electricals (3.2) Electronics (38)			1689. 1426.			14 92	4.95 2.84	14.26 13.43	40,67 28,50			1731.89 1386.47	
6	Mechanical Engir	e eri ng (6		357.		(11)	03	4.65 4.22	11.58		352.61	350.25		
8	Metals and Metal Motors (16)			331. 267.			73 68	3.80	12.94 12.86	7.37 5.51				
10 21	Other Industrial M CONSUMER GR			1201. 910.			53 08	4.46 3.36	15.75 15.56	20.41 16.00				970.73 695.25
22	Brewers and Disti	illers (22)	900.	42 +1.	2 9.	74	3.57	12.62	14.91	890.07	883.35	896.39	739.18
25 26	Food Manufacturi Food Retailing (1)			678. 1868.			95 25	4.03 2.77	13.09 22.25	14.13			676.09 1875.22	494.35 1638.24
27	Health and House	hold Pro	ducts (1.0)	_ 1516.	60 +3.	I 5.	62	230	21.05	12.84	1470.68	1449.34	1475.31	1052.31
29 32	Leisure (27) Publishing & Prin	tina (15)		905. 2568.			24 18	4.48 4.29	16.10 18.06	24.68 55.62	893.23 2548.30		892.42 2570.28	
33	Packaging and Pa	per (14)		_ 454.	01 +1.	2 7.	40	3.63	17.56	10.04	448.78	448.03	457.05	356.61
34 35	Stores (38) Textiles (17)			845. 523.			90 80	3.03 3.77	19.66 11.81	11.76 9.64		810.99 518.15		716.38 333.50
36	Tobaccos (2)			1242	75 -	13.3	30	4.16	8.26	36.99	1242.34	1228.72	1237.A7	743.56
41 42	OTHER GROUPS Chemicals (20)	(87)		743. 975.			14 01	4.30 4.43	14.10 13.49	17.14 28.60		732.93 960.28	745.90	
44	Chemicals (20) Office Equipment	(4)		228.	46 +1.	5 8	14	4.63	14.87	7.11	225.16	224.58	232.11	203.35
45 47	Shipping and Tran Telephone Netwo						40 92	4.54 5.11	15.06 11.47	41.58 16.67	1435.82 715.77	713.11		1269.18 889.86
48	Miscellaneous (48	3)		1033.	94 +L	<u>3 6</u>	72	3.28	18.68	16.48	1020.94	1012.78	1020.35	843.70
49	INDUSTRIAL GR						66 ng	3.71 655	14.65	15.99 62.40			803.91 1331.93	653.97 1160.94
묤	0il & Gas (17) 500 SHARE IND					_	2	4.06	13.94	19.63			848.61	
61	FINANCIAL GRO	JUP (117	7)	572			- 1	4.90	=	16.39			582.10	487.61
62 65	Banks (7)	9)(0)		632. 808.				5.75 4.79	6.76	23.94				481.44 754.68
66	Insurance (Compo	osite) (7)		440.	48 +0.	i -	-]	4.93	—	10.93	439.94	438.02	450.41	359.28
67 68	Insurance (Broke Merchant Banks (rs) (9) (12)		1369. 324.			•	4.43 4.42	15.54	5.37			1177.57 318.71	1109.29 248.34
69	Property (49)	wa		727.	75 +0.4	نه اه	11	3.83	21.57 13.03	13.05	725.21	727.91	737.48	
70 71	Other Financial G						34	2.93	13.03	8.86 12.83	330.71 769.75			285.18, 588.14
81	Mining Finance (2	2)		305.	42 +1.3	3 10.		5.25	11.16	9.17	301.42	301.95	302.30	252.25
<u>91</u> 99	Overseas Traders ALL-SHARE IND			669. 777.			3	6.56 4.17	10.35	24.33 18.43	663.60 768.79			635,79
- 37	ALL-SIMIL III		/	Inde	_	_	75	Day's	Sept	Sept	Sept	Sept	Sept	Year
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	PRICE INDICES	Wed Oct	Day's change	Tues Sept	zd adj. today	zd adj. 1986	1 2	Low	sh Govern	nament 5 years 5 years		9.61 10.28	9.65 10.26	9.81 10.07
		1	%	30		to date] 3	il -	2			10.29	10.28 11.20	10.08 10.66
,	British Government 5 years	118.55	40.26	118.24	l	9.13	5	Coupo	as 1	5 years		19.64	20.64	19.40
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4	Ir redeem ables	150.44	-0.36	150.98		8.90	1 19		2 emables	5 years		10.35	10.37 10.08	10.20 9.71
_5	All stocks	128.44	+0.11	128.35	0.06	9.90	1	Index	-Linked		' <u> </u>	[! !
,	index-Linked	,,,, ~	20.00	111.20		200			n rate 5% n rate 5%		5 yrsi 5 yrsi	4.78	4.81 3.72	
7	5 years Over 5 years	111.29 111.84	+0.08	111.45	=	2.53	[<u>1</u> 3	inflat'	n rate 10º	۴.	5 yrs!	3.70 3.43	3.45	0.0
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_			-					Debs &		5 years		11.24	11.34 11.51	11.19 11.13
-	Debestures & Loans	112.60	+1.15	111.32	-	8.12	17		•	25 years		11.39	11.58	11.07
10	Preference	81.39	l —	81_39	-	5.07	18	Prefe	rence		t	11.2B	11.28	11.87

ing Index 1561.0; 10 am 1565.1; 11 am 1566.5; Noon 1564.9; 1 pm 1564.4; 2 pm 1567.0; 3 pm 1569.7; 3.30 pm 1573.6; 4 pm 1574.1 † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues. A new list of constituent changes are published in Saturday Issues.

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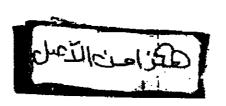
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IMBs ISC Icos Imatro Imare

Continued on Page 39

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beginn erhalten, haben wir unseren Botendienst in Ihrer Stadt weiter verbessert. Einzelheiten erfahren Sie von Financial Times in

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Caution still prevails as shares rise

TRADING volume picked up on Wall Street stock markets yesterday as share prices continued their advance for a second day despite flat bond markets. writes Roderick Oram in New York

The pick up was attributed in part to beginning of quarter portfolio buying across a wide range of issues. Although stock index futures were trading at a premium to the underlying shares for most of the session they turned to a discount in late afternoon triggering some share selling programmes.

At the close the Dow Jones industrial average of blue chip shares was up 15.32 points at 1,782.90 although it had been up 26 points before the sell wave hit in the last hour.

The New York Stock Exchange composite index was up 1.25 at 134.69 on trading volume of 143.55m shares. In the busiest NYSE session in eight days advancing shares led declining by 1,041 to

Among blue chips, Sears was up \$1% at \$41%, Eastman Kodak was ahead \$1% at \$54%, General Motors was up \$% to \$68 and Philip Morris, which was said to

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUU

CANADI

DENMARK

FRANÇE

CAC Gen

Ind. Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

ITALY

Hang Seng

Banca Comm.

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

MORWAY

Oalo SE

RINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE Industriel

Madrid SE

SWITZERLAND Swiss Bank Ind

MS Capital Int'I

Silver (spot fixing)

Copper (cash) Coffee (Nov)

Oil (Brent blend)

London

Zürich

Paris (fixing)

Luxembourg

New York (Dec)

SPAIN

J&P

TOKYO

FT Gold mines

FT-A Long gilt

Metals & Mins.

Credit Aktier

Belgian SE

Toronto Metals & Minis

DJ Industrials

DJ Transport

1,782.90 1,767.58 1,340.95 815.13 800.25 663.68

1.227.0

768,79

844.76

10.37

17,584.39 18,052.86 12,685.4

1,492.81 1,517.26 1,026.47

627.5

237.49

3,799.67 3,801.54 2,479.58

2,160,60 1,288,43 1,905 2,988,30 2,143,50 2,650,4

1,508.43 1,500.47 129.13

669.11 658.70 537.00

1,966.20 1,966.2 1,581.3

2,090.24 2,068.44 1,520.99

276.4

375.30 370.68 369.53

1.845.0

2,470.42 2,437.21 1,368.43

199.41 197.91

548.10 542.4

COMMODITIES

GOLD (per ounce)

- 343.4

385.40p

0.8463

£2.195

\$13.95

Oct 1 \$423.50

\$423.55

\$421.54

\$425.50

\$429.2

278.10 275.3

812.83

738.16 403,62

804.26 769.92

189.9

280.70p

£957.00

\$13.95

Prev \$423.25

\$424.5

\$420.08

\$421.45

\$426.15

£2,330

n/a 198.5

382.50 379.5

148.50 146.20

233.60 214.35

1,578.3 1,565.8

321.5 319.0

815,13

199.93

777.10

10.35

636.1

235.55

800.25 199.71

152.13

185.07

1.004.8

1,296,0

697.28

10.20

291.4

5129

218.52

Lire BFr

be close to a sale of its 7-Up soft drinks

unit, rose \$1% to \$67%. Airline stocks continued to underpin the rapid rise of the Dow Jones Transportation index which gained 14.75 points to 815.13. Yesterday's interest was stoked by buy recommendations from four brokerage houses. Analysts point to strong late summer traffic and imminent fare increases. In addition, Texas Air's takeover of Eastern Air Lines cleared yesterday one more hurdle towards regulatory approval.

Among the sector, Delta rose \$1% to \$45%, UAL gained \$1% to \$58%, North-west Air, which announced tentative orders yesterday for 100 aircraft worth more than \$3bn, was ahead \$2% to \$54 and Texas Air up \$% to \$35.

Technology shares started strong but turned mixed with IBM up \$1% at \$137%, Hewlett Packard gaining \$% to \$38%, Motorola ahead \$1% at \$38% and NCR up \$1 at \$48%.

Many oil stocks also notched up gains with Exxon ahead \$% to \$67%, Chevron up \$% at \$44% and Amerada Hess was up \$% to \$23%, Standard Oil was up \$% to \$47 and Royal Dutch Petrol, which owns 60 per cent of Royal Dutch/Shell, was up \$% to \$89%.

USX was the most active stock with more than 11m shares changing hands for a \$1 rise in price to \$24%. It was be-lieved that Mr Carl Icahn, the prominent corporate raider, had resumed buying USX shares while Mr T. Boone Pickens and Mr Irwin Jacob had sold stakes.

Niagara Mohawk Power fell \$2% to \$17% in heavy trading on speculation that its regulatory authority might re-

CURRENCIES

151.35 6.64%

1.6460

2.2920

1.401%

INTEREST RATES

US BONDS

Price

100

Source: Harris Trust Savings Bank

155.56

148.80

151*.*21

179.98

Source: Merrill Lynch

3% July 1990 9' SCBT South Central

10% Jan 1993

8% March 1996

81/a April 2016

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Gill

£50,000 32nds of 100%

" Latest available figures

LONDON

Dec

US Treasury Bills (M

8 April 1996

100%

1993 1996 2016

7%

1-30 1-10

42.05

1.4450

2.92

9.561/2 2.37 3.30

2020%

2.0070

51%s* 5.65*

6,341 100

96%: 7.576 95%:

Duy's change

+0.65 +0.35

+0.38

+1.78

6.50

8.50

96-20 97-09 96-04 95-23

n/a

94,04 94.09 94.02 93,94

110.31 121.4 101.1 111-22

94.90 94.80 94.74

n/a

IV8

140.00 +0.18

October 1 Yield

Price

91.42

108%

101%

9% March 2016 97.79 9.60 Source: Salomon Brothers Yield calculated on a semi-annual basis

US Treasury Bonds (CBT)

90.057 9.10

FINANCIAL FUTURES

5.232 99°%

7.41 991%

Price

7.17

6.86

6.40

8.22

60,60

222% 223,425

1.4470

9.61%

2.38%

3.315

60.85

2.0100

6%

6.375

7.273

Dey's change

-.08

-.07 -.07

— .08

Price Yield

91% 6.470

97% 8.445

101% 8.571

US DOLLAR

Oct 1 Previous

2.0215 2.0270

154.15

1.6410

1.398%

41.95

3-month US\$

6.62

KEY MARKET MONITORS

duce its authorised return on equity. The utility said it had no such plans.

Prices in the credit markets were mixed although buying interest seemed to be fuelled in part by overseas investors particularly from Japan.

Markets were pleased with data released yesterday confirming that the economy was performing sluggishly which augers well for low interest rates. The August rise in construction spend-ing was larger than expected but this may be an abberation since the gain came in the volatile non-residential

While prices of Government bonds eased in shorter maturities, they edged ahead at the longer end. The benchmark 7.25 per cent Treasury bond due 2016 was unchanged at 95 wylelding 7.6 per cent. Prices of the Chicago December bond future were little changed on the

Treasury bill yields were essentially unchanged. Three month bills lost one basis point to 5.18 per cent while six month and year bill yields were un-changed at 5.37 per cent and 5.49 per

cent respectively.

The Federal Reserve did \$1.5bn of customer repurchases when the Fed funds rate stood at 5% per cent.

In the corporate bonds market, Moody's said it had downgraded a re-cord 191 issues worth \$132bn in the first nine months of this year compared with 153 issues worth \$107bn downgraded during all of 1985. This year's perfor-mance reflected long-term weakness in energy and steel sectors and continuing reconstruction across all industrial sec-

TOKYO

Early rally thwarted by profit-taking

LATE selling by securities companies in Tokyo yesterday took stocks sharply lower after a moderate gain in the morn-ing, writes Shigeo Nishiwaki of Jiji

The Nikkei average plunged 288.47 to 17,564.39. Trading volume swelled further from 1.377bn to 1.713bn shares. Declines led advances by 649 to 184, with

114 issues unchanged.

The start of the new business year for securities companies saw their dealing divisions place large buy orders in early trading to boost the dull market. This, combined with active trading in largecapital stocks by institutional investors, lifted the bellwether market barometer by about 120 points early in the session. But the market remained lacklustre

and lost ground towards the close on large-lot selling by dealers. The bearishness gathered momentum, as some popular issues among those related to redevelopment of areas along Tokyo Bay, stocks connected with information communications and major consumer issues slipped on profit-taking.

Stocks related to Tokyo Bay continued to be favoured by institutions. Nip-pon Kokan remained the most active with 232.1m shares traded. It closed Y1 up at Y337 after gaining Y10 in the morning. Ishikawajima-Harima Heavy Industries, with 230.8m shares traded, rose Y6 to Y636 after surging Y34 at one stage, while Tokyo Gas, with 87.5m shares, shed Y30 to Y1,170 on profit-

While the three major waterfront issues slackened, Mitsubishi Steel Mfg was in the spotlight due to its large property holdings along Tokyo Bay. It scored a maximum Y100 to Y745.

Among other steels, Kawasaki Steel, with 230.8m shares, rallied Y20 to Y276 and Nippon Steel, with 42.8m shares, Y5 to Y213, Mitsubishi Heavy Industries,

with 111.3m shares, put on Y11 to Y650.
Communications stocks rose at a slower rate or weakened. Mitsubishi Electric. with 143.7m shares, gained Y2 to Y600 after strengthening Y21 at one point and NEC Y40 to Y2,420. Toshiba eased Y38 to Y790 and Hitachi Y60 to Y1,010.

Bonds moved widely, reflecting the volatile futures market. The Tokyo market was largely unaffected by a strong overnight rally in the US bond market, bolstered by US President Ronald Reagan's remarks at annual meetings of the International Monetary Fund and the World Bank in Washington calling for another round of discount rate cuts by industrial powers.

Concern spread among investors as futures for delivery in December slipped Y0.25 from the previous day to Y102.55, below the low of Y102.60 recorded last August, due to large selling by big securities companies. The futures later improved to close at Y103.02.

The yield on the benchmark 6.2 per cent government bond due in July 1985 ended unchanged from Tuesday at 4.720 per cent after soaring to 4.755 per cent.

CANADA

A BROAD ADVANCE in Toronto took its lead from Wall Street's firmer trend. Canadian Pacific continued to climb trading C\$% up at C\$16%. The group is expected to realise an extraordinary gain in the final quarter from the sale of its 53 per cent interest in Cominco, unchanged at C\$13%.

Elsewhere, Dome Petrolem lost 5 cents to C\$1.04, Royal Bank of Canada added C\$% to C\$32% and Bell Canada lost C\$% to C\$37%.

In Montreal industrials, utilities and banks all traded marginally firmer.

EUROPE

Boosted by transatlantic influences

THE FIRMER TONE on Wall Street continued to boost Europe yesterday and all the major bourses ended the session showing gains.

Frankfurt scored particularly well, helped by forecasts that industrial profits would rise next year. The Commerz-bank index added a healthy 35.4 to

Some of the biggest gains were seen among electricals and car makers. Demand for Siemens, which has acquired a majority stake in a GTE unit, pushed its shares DM 27.80 higher to DM 699.80 and AEG added DM 10.50 to DM 315.50. High-technology group Nixdorf, which has won a £3.4m order from the UK. firmed DM 10 to DM 710.

Meanwhile, a public offer of almost 25 per cent of the ordinary capital of electronics group Schneider Rundfunk-werke, which opened yesterday, was heavily oversubscribed.

Among the car-makers, which are expecting good profits, Daimler rose DM 30 to DM 1,272, VW DM 17.30 to DM 498.30 and BMW DM 18 to DM 630. Chemical Bayer added DM 10.50 to DM 300.50, BASF rose DM 5 to DM 278

and Hoechst DM 7.40 to DM 266.80. Elsewhere, retailers also saw good gains with Kaufhof up DM 16 to DM 518 and Karstadt DM 7 firmer at DM 441.

In the bond market long maturities gained as much as 1 basis point as domestic and foreign investors sought bargains. The average yield of public au-thority bonds fell from 5.85 per cent to 5.81 per cent. The Bundesbank sold DM 247.9m of domestic paper after selling DM 90.4 on Tuesday.

Amsterdam joined the upward trend under transatiantic influences but continued worries over exchange and interest rates put a damper on turnover.

Among the internationals, which were generally firmer, Unilever added F1 2.50 to F1 477, Philips 60 cents to F1 54.40, and Akzo F1 2.20 to F1 147.20 ex-rights. However, Royal Dutch lost F1 1 to F1 203.10. Banks closed firmer with NMB up Fl 3.50 to F1 216.50, and ABN F1 6 higher at FI 553.50. Among insurers Aegon closed Fi 1.70 up at FI 93.70 and Amev rose 30

Zurich moved higher on the combined influences of a stable dollar, Wall Street's rise and falling short-term interstreet's rise and failing short-term interest rates. Active trading pushed several insurance, banking and industrial stocks up strongly, with UBS bearer adding SFr 100 to SFr 5,745 and Swiss Readvancing SFr 400 to SFr 17,300.

Brussels recovered somewhat from Tuesday's downturn with shares mixed at the close. Worries over a linguistic dispute between French- and Flemishspeaking politicians receded.

Paris was lifted by Wall Street's rise, by bargain-hunting after the past week's 4 per cent slide, and by news that Airbus Industries is negotiating for a big order of aircraft from Northwest Airlines of

the US.

Shares were firmer from the start, with blue chip gainers including Bouygues, up FFr 49 to FFr 1,400. The group said it was buying a 10 per cent stake in engineering firm Spie Batignolles.

Milan had a subdued session with

share prices ending mainly higher and trading again dominated by Fiat, up L200 at L15,000, and Montedison, down L20 at L3,450.

Stockholm was firmer, with interest focused on Stora after its takeover of rival pulp and paper producer Papyrus. Stora ended steady at SKr 312. Oslo and Madrid both rebounded.

SINGAPORE

A BROAD RALLY lifted Singapore shares out of their recent depres and saw the Straits Times industrial index recoup almost all of Tuesday's loss, ending 8.57 higher at 812.83.

But despite institutional buying and a higher turnover of 17.1m shares compared with Tuesday's 14.5m, the more positive market was still somewhat undermined by a series of poor company

Banks were all stronger, with Malayan Banking up 22 cents to S\$3.80 and OCBC adding 20 cents to S\$7.90.

SOUTH AFRICA

THE WORK STOPPAGE by black miners to mourn 177 colleagues who died at the Kinross mine last month dominated market thinking. Golds closed with an easier bias in Johannesburg as a conse-

Buffelsfontein dipped R1.50 to R93.50, Driefontein eased by R1.00 to R69.50 as did Gold Fields by 75 cents to R55.25. Platinums were mixed while diamond share De Beers was down 25 cents to

LONDON

Industrials underpin sharp rise

THE STRONG START on Wall Street heartened London yesterday and prices

moved up sharply.

Much of the strength, however, came from a narrow band of major industrials, some of which will be helped in export markets by a prolonged weakness in sterling.
The FT-SE 100 index added 22.5 to

close T 1,578.3 and the FT Ordinary share index closed 24.7 higher at 1,251.7. Institutional buying helped boost !
Glaxo which added 35p to 965p. Beecham rose 23p to 411p in advance of a
major presentation to analysts in Lon-

A recovery by gilt-edged securities lost momentum later in the session and prices were no more than a touch firm-

Chief price changes, Page 39; Details, Page 38; share information service, Page 36–37

HONG KONG

OVERSEAS BUYERS continuing to shift funds from overseas markets boosted Hong Kong to its sixth consecu-

The Hang Seng Index closed 21.80 higher at 2,090.24. The index has climbed almost 170 points, or about 8.75 per cent in two weeks.

Property shares and utilities scored particularly good gains. China Light rose 60 cents to HK\$18.90, China Gas put on 50 cents to HK\$17.20 and Hong Kong Electric added 10 cents to HK\$10.40.

AUSTRALIA

THERE WAS a reversal in Sydney sparked by good overnight performances in London and on Wall Street and slightly higher bullion prices.

Woodworths, the country's second largest retailer and the subject of intense takeover speculation, again occupied centre stage. The share gained 5 cents to A\$3.70 with more than 4.8m shares changing hands.



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Mr Robert T Fertia Enterprise Information Systems Inc.

Mr Robert Therrien PaineWebber Inc

Mr Elserino M Piol Ing C Olivetti & C SpA

Mrs Brigitte Morel Intelligent Electronics Europe

Mr Roger Foster Apricot Computers plc

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Mr Raymond Noorda

Mr Sam Wiegand

Mr Jon Shirley

Mr Paul Bailey

Digital Research Inc

Novell Incorporated

Mr Ian Durrell

Microsoft Corporation

GRiD Systems Corporation

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The TSB flotation has blown away some dust and underlined the growing competition in the banking industry. Yet there is a need for caution. No one wants a loan crisis with Big Bang imminent.

Now it's the Big Five

THE TUMULTUOUS reception given to the launch of the Trustee Savings Bank last month has probably done more to thrust the UK banking industry before any other public's mind than one of the TSB issue (even allowing for the fact that if was an investigate and probably to good effect.

Just as the British Telecom floating and probably to good effect.

Just as the British Telecom floating and probably to good effect.

Just as the British Telecom for the TSB issue (even allowing for the fact that if was an investigation of the TSB issue feven allowing for the fact that if was an investigation of the TSB issue feven allowing to the fact that if was an investigation of the TSB issue feven allowing the problem of the that if was an investigation of the TSB issue for the fact of the Signal and probably to good effect.

Just as the British Telecom for the transport of the TSB issue feven allowing for the communications, the TSB issue feven allowing for the constant of the transport of the



The chairmen of Britain's major banks, at a recent meeting of the Committee of London & Scottish Clearing Banks. Standing (left to right): Lord Barber, chairman of Standard Chartered; Sir Thomas Risk, Governor of the Bank of Scotland; Sir Timothy Bevan, chairman of Barclays; and Sir Michael Young-Herries, chairman of the Royal Bank of Scotland. Seated (left to right): Lord Boardman, chairman of the National Westminster Bank; Sir Donald Barron, chairman of the Midland Bank, and chairman of the committee; Sir Jeremy Morse, chairman of Lloyds Bank.

interest rates or a recession strike.

The growing uncertainty about the outlook on interest rates and foreign exchange are further reasons why senior bankers see a need for caution.

Although banks are reasonably well capitalised, they cannot afford to have a major loan crisis on their hands at this moment because of the huge demands being placed on bank resources and managements by the Big Bang, now only three weeks away.

Although the Big Bang is essentially about deregulating the Stock Exchange, it raises big strategic questions for banks as, they adjust to an era when financing through securities in the gilt-edged markets is becoming more of them, and to stick it out during the rough times that everyone expects to follow Big Bang, will be good test of their mettle.

interest rates or a recession their new investment banking

Big Bang to their retail customers. They would seem well equipped to become the major purveyors of investment services in Britain's high streets with the growing fashion for financial supermarkets. Only Barclays Bank has

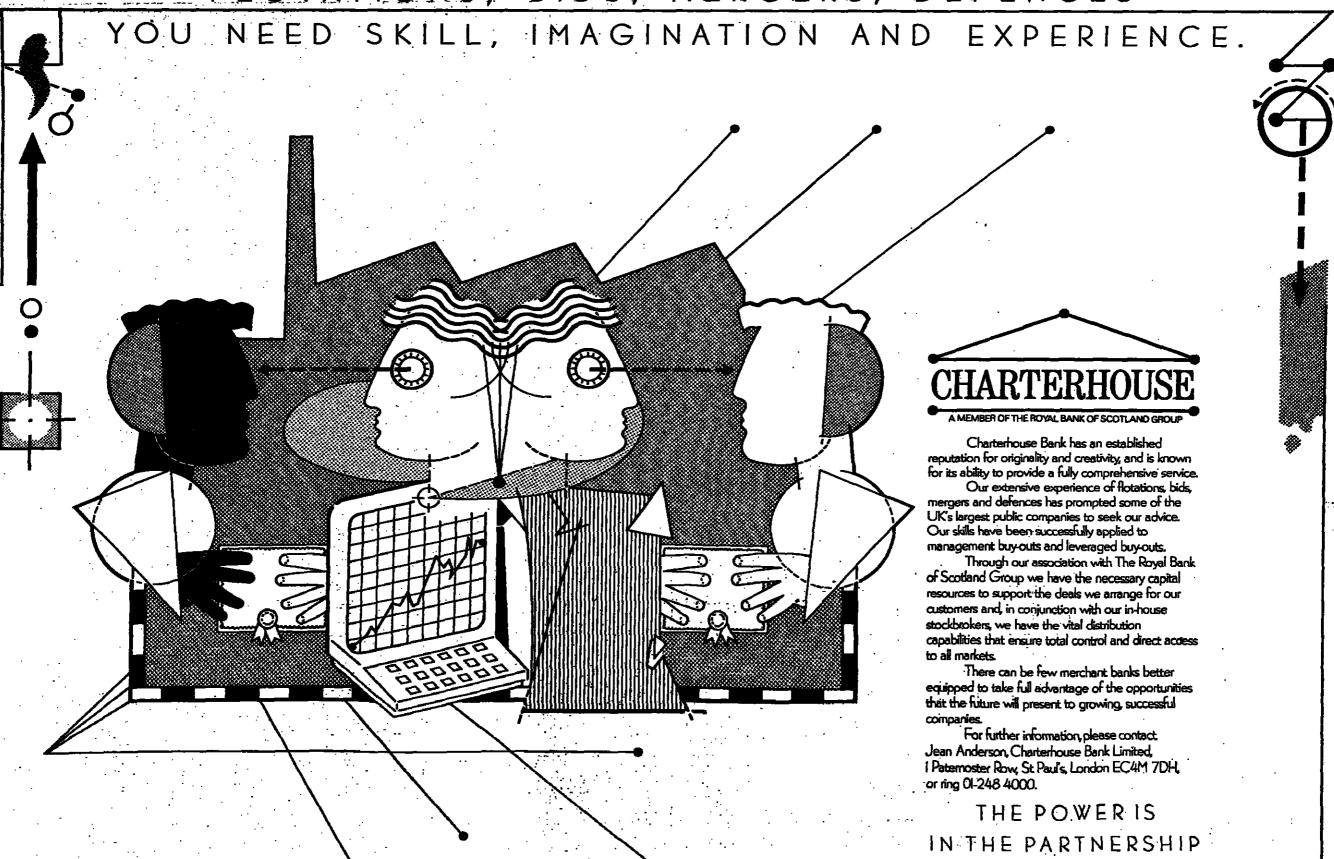
announced any firm plans: it has created Barclayshare, a new company to provide investment and broking services to the private individual—but only in a limited way to start with. The other clearers are preparing something similar—but all rather tentatively, because of the high cost of setting up services in their huge branch networks and uncertainty about the likely customer response. other hand, are probably mentally better equipped to cope with the City's changes, though they lack the great capi-The fact that Morgan Grenfell and Mercury International Group, two of the leading merchant banks, came to the markets for the first time this year to build up their funds is a sure with the court of t likely customer response.

Appropriately, given the riskier environment into which banks are moving, the Bank of

to build up their innos is a sure sign that capital firepower is becoming as important as the "people" skills they have relied on in the past. What is less clear at this stage is how far the clearing banks intend to pass on the benefits of banks are moving, the Bank of England has begun to keep a much closer eye on their activities. Shortly after the Big Bang, a new Banking Bill will also be published by the Government to correct the regulatory shortcomings exposed by the two-year-old Johnson Matthey Bankers affair. The debate over its provisions should take place at an interesting time.

The City Revolution Discount houses

FLOJATIONS, BIDS, MERGERS, DEFENCES





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PLUG INTO THE INFORMATION REVOLUTION—



THE CITY MANAGEMENT DEVELOPMENT CENTRE UNIVERSITY BANKING AND FINANCIAL COURSES Autumn Term 1986

Negotiating Medium-Term Loan Agreements Recent Developments in International Finance Banking and Financial Activities of the City of London for overseas bankers Divestment for Profit

14 October 15-16 October 20 November

Sarah Prowae, Marketing Manager,
Management Development Centre, City University Business School,
Probiner Crescost, Bertitem Centre, London ECZY SHB.
Tel.: 61-920 6111, Ext. 284.

BANKS HAVE responded eagerly to the opportunity to strategies. Barelays has been the securities markets in the most ambitious, spending London, a chance largely well over £160m on two top stock denied to them by legislation in the US and Japan, except in prober—and setting them up as respect of specialised activities. Among the contenders are various distinct groups. There are the London merchant banks, aiming to develop their capital market connections; the big UK clearing banks are seeking to emulate the "universal banks are for the continent; a number of continental banks are building up their presence in what is by far Europe's most important international financial centre; and a selected number of American investment international financial centre; and a selected number of American investment international financial centre; and a selected number of American investment international financial centre; and a selected number of American investment international financial centre; and a selected number of American investment in the most selected number of American investment international financial centre; and a selected number of American investment in the most ambitious, spending securities markets, it makes sense for banks to move deeper into the business.

As companies raise more money through the ecurities markets, it makes sense for banks to move deeper into the business.

Congress to push back the Glass-steagal frontiers.

At home, the move into the securities market posses severe managerial and cultural problems for the banks. The banks are often paid much less than securities traders in their twenties. The chair-will be securities market in the move into the securities market posses severe more impressive home-grown lems for the banks. The banks managerial and cultural problems for the banks are often paid in the move into the securities market posses severe managerial and cultural problems for the banks are often paid in the move into the bank managers are often paid in the move into the bank managers

Exchange members' firms. But the constraints of the Glass-technology has now developed Steagall Act in the US, which enough for them to hope to separates commercial and make money out of new private-investment banking.

make money out of new privateinvestor dealing services, of
which next year's promised
"Barclayshare" will be just
one example.

As some of the biggest and
most powerful of the nation's
financial institutions, the clearers also feel some sort of obligation to support the British presence in the new securities markets. Thus the Big Four are all
joining the gilt-edged market as
market makers, although their
presences in equities will be
more variable; Lloyds will be
more clearers have all

support to balk to dispose of their US
tending offshoots if these cause
in the second of the lustion's
tion to support the British presence in the new securities markets. Thus the Big Four are all
joining the gilt-edged market as
market makers, although their
presences in equities will be
more variable; Lloyds will be
more variable; Lloyds will be
more clearers have all

some example.

The London merchant banks,
in contrast, have the flexibility
to be able to dispose of their US
and not go hand in hand. But it
also suggests that UK banks are
doing rather well despite all the
world economy.

Collectively, the UK's Big
Four clearers earned nearly
\$2.50
per eent increase on the first
half of this year, a sizeable 22.5
per ent increase on the first
half of this year, a sizeable 22.5
per ent increase on the first
half of this year, a sizeable 22.5
per ent increase on the first
half of the ustion's
that profitability and popularity
do not go hand in hand. But it
also suggests that UK banks are
doing rather well despite all the
world economy.

Collectively, the UK's Big
for this year, a sizeable 22.5
per ent increase on the first
half of this year, a sizeable 22.5
per ent increase on the first
half of this year, a sizeable 22.5
per ent increase on the first
half of the vorid economy.

Collectively, the UK's Big
scar do not go hand in hand. But it
also suggests that UK banks or elears about the bealth of the
some conomy.

Collectively

and a selected number of Amer-ican commercial banks are bull-growing its own stock market

and a selected number of American commercial banks are building a global investment banking capability.

To some extent, the motivation is defensive. Bank lending is sluggish in most corporate lending sectors, and a disturbing number of major companies can now borrow more cheaply than the banks themselves.

Much more capital is now although the securities markets, with, at the securities business.

Much more capital is now developed should be financial services sector tending to become blurred, the banks are intending to become blurred, the banks are intending to become blurred, the banks are intending to become burred, the banks are intending to become blurred,
The City Revolution

Defence with an eye to tradition

A hank like Morgan Grenfell
has been forced out of its comfortable private corner, and has had to take on all the new had to take on all the new much are going to krugge to kru

been willing to contemplate the changes of family control or the internal upheavals that would

ers in their twenties. The chairman of an American investment bank is accustomed to being paid less than many of his employees. But this is not so easily accepted by a top British clearing banker.

For the merchant banks, the existence, but if anything the management challenges are even greater. To go seriously into the securities markets, the merchant banks have had to merchant banks have had to merchant banks banks have had to merchant banks beginning for the clearers as well as the merchant banks. During the merchant banks During the mext year it is likely to become the management of the clearers as well as the merchant banks. During the next year it is likely to become the control of the clearers as well as the merchant banks. During the next year it is likely to become the control of the clearers as well as the merchant banks. During the next year it is likely to become the control of the clearers as well as the merchant banks. During the next year it is likely to become the control of the clearers as well as the merchant banks. During the next year it is likely to become the control of the particular of t bank is accustomed to being they have opted for more modification accommodate entrepreneurial, volatile securities market professionals on vastly higher—if more variable—levels of remuneration.

The clearing banks are unionised, bureaucratic and slow-moving worlds away from the hire-and-fire, payment-by-results attitudes of the stock market firms. The banks' moves to increase their flexibility by keeping the trade unions out of their investment banking sub-

which are going to struggle to

responsibilities of a stock market listing.

Of course, there are a number of merchant banks, such as N. M.
Rothschild, Baring Bros and Lazard Bros, which have not been willing to contemplate the changes of family control or the internal upheavals that would

weddings.
In particular, several of the merchant banking groups may feel they need to tie up with

opportunities whenever and wherever they occur." A renewed bid for Standard can-not be ruled out.

The structure is also being

the structure is also being changed by the flotation of the Trustee Savings Bank whose market capitalisation will make it about the same size as the Midland Bank Although the TSB has been flexing its muster for the flotation.

Barry Riley

Clearing Banks

Doing well despite competition

335 195

ensconced as the country's first half of the year.

largest clearer, appears set to make pre-tax profits extending into ten digits this year.

This programmers who cause banks their warst problems countries.

will be matched by a mere handful of banks elsewhere in the world—may well be cause for celebration simply because of its size, though banks have learnt from bitter experience that profit only its and popularity

boldly confronted the competi-tion from other sources like building societies—and have even been turning the tables on them by making a huge success of their newly developed mort-

Bank, recovering from the trauma of Crocker National Bank, is looking healthier. The bank sold its troublesome Caligage business.
In fact the private customer has been a far better source of than industry, which suggests fornia subsidiary in May for just that their heavy high street branching operations are paying their way despite frequent comments that they are too large Retail horrowing her too large Retail horrowing her business for banks this year Retail borrowing has boomed while corporate loan demand has only inched ahead, many companies being flush

But generally, Britain's clearing bankers are quite optimistic. Lord Boardman, the chairman of NatWest, said in announcing his bank's results in August: "As we look at the world, the combination of falling oil prices, lower inflation and declining nominal interest rates has not yet worked through to create the expected economic growth. But I believe the world economy is set to strengthen towards the end of this year and through 1987." He was alles of Standard, it showed that possibilities for major structural change in the industriated its ambition to become its worldwide reach, something that rather alarmed its competitions. Having shown its hand in this way, it seems unlikely that Lloyds' ambitions will quietly subside.

Mr Brian Pitman, the bank's The better profts also came despite the banks' continuing caption over bad debts. In the UK, company bankruptcies are still sufficiently high to be a worry to the banks.

According to Sir Timothy Beyan, the chairman of Barclays Bank, there also looms the threat of more personal bankruptcles because of the huge volumes of personal credit, including home loans, taken out

during this year's easy money conditions. Barclays was the one bank among the Big Four to

on the way, it will be personal customers who cause banks their worst problems, compared to businesses who brought trouble last time round.

But even if times do get tougher, the banks are now in a better position to cope with adversity. Most of them have raised large amounts of new

raised large amounts of new debt and equity capital this year, including NatWest which made a record £714m rights issue in June. Even Midland

Standard Chartered

Certainly, the clearers' rising during this year's easy money conditions. Barclays was the one bank among the Big Four to report disappointing results for its domestic operations in the first half of the year.

If there is another recession on the way, it will be personal. made fixed rate loans when interest rates were high, and are now reaping substantial rewards from them.

These returns have to a great extent offset the higher costs banks have incurred through last year's move to "free banking" for high street customers who stay in credit—all part of the battle for the personal banking

cles for some time, the flotation will add £1.27bn to its resources and enable it to go aggressively after both the upper end of the retail market and the business market, traditionally the best preserves of the established

clearers. clearers.
Certainly, what with the need to defend their home markets and prepare themselves for the forthcoming challenge of the Big Bang, the clearers' main focus is on the UK rather than abroad. The banks have the opportunity to become the leading purveyors of financial services in the UK, and they may be expected to extend their diversification into new businesses. Lloyds has already gone into estate agency (a move since fol-Profits of the major UK clearing banks: £m pre-tax.

estate agency (a move since fol-lowed by Hambros, the mer-chant bank), the Royal Bank of Scotland is in insurance under-Becent months have also brought deep seismic stirrings in the UK banking industry, notably Lloyds Bank's surprise £1.3bn takeover bid for the Standard Chartered Bank. The whole retail dimension of

Big Bang has also to be considered: will banks become the UK's major stockbrokers for the private investor as they are in some continental countries? Although the bid was uitimately thwarted by a group of wealthy Far East investors clients, and its rivals are gear-

ing themselves up too.
Altogether, this is a time of rare opportunity for the clear-ers. The popular view that they are under slege from new non-banking competitors and will go the way of the dinosaurs could prove erroneous if they play their cards right. They have shown that they are a match for the building societies. The perthe building societies. The next year or two will show whether they can also take on their new investment banking competitors in the City of London

David Lascelles

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Supervision

strengthen towards the end of this year and through 1987." He expected to see further falls in the base rate before the year end.

Mr Brian Pitman, the bank's determined chief executive, said after the bid failed: "We have the resources available to

A Bill to launch a new regime

ONE OF the Government's first steps in the new parliament this winter will be to publish a Banking Bill. This will lay the basis for a new supervisory regime for the UK banking system and an analysis of the banking system as a systems; that auditors submit whole: that would imply a reports to the Bank confirming blanket guarantee against bank the accuracy of the information failures. In practice, however, supplied by banks; and that the Bank will have a strong trilateral meetings between the moral obligation to prevent Bank, a bank and its auditors be individual bank failures. Bush

sometime next year.

The new Banking Act will
mark the culmination of a process lasting more than two
years, and dating back to the

Individual bank failures, fauch
as before.

The man points of the bill will
whether auditors should be
allowed to approach the Bank
of Banking Canadiant years, and dating back to the 1984 Johnson Matthey Bankers of Banking Supervisors consiscrisis which dramatically pointed up weaknesses in the way the Bank of England overton where the market of England overton ways the mark of England overton ways the market of England overton the market of England overton the market of England over the market over the market of England over the market over the market of England over the market over the market of England over the market over the ma

pointed up weaknesses in the way the Bank of England oversees the management of UK banks.

These were principally the ease with which a bank could lend the equivalent of well over its entire capital to a single, doubtful borrower—and the slowness with which the Bank of England enter obvious signs of imprudence. The failure of JMB's anditors to spot trouble was also an issue.

The bill, which will replace the 1979 Banking Act, will be based on the Banking White Paper published by the Governous close to the drafting of the bill say it is unlikely to differ greatly from this document, though of England as the supervisory authority (something which was never fally formalised in statute before) and strengthen its statu.

Specification of the present recognised in the more exclusivity, but the capital of more than film to protection scheme. In practice the Bank has already taken several strides towards introducing some of this threshold raised to £10m to reate more exclusivity, but their wishes have been taken into account.

One of the central aims of the bill will be to establish the Bank of England as the supervisory authority (something which was never fally formalised in statute before) and strengthen its statu.

Specification attention to advise Mr Robin Leigh-Pember to come up with exceptional."

He looked to the accountancy profession to come up with gide account to come up with sexpension matters. The purpose of the receptional."

He looked to the accountancy profession to come up with stid ind not the act would give the Bank powers to prescribe audition of the present two-tier system which distingtion of the present two-tier wo-tier which all the collisions of the sank and ilcensed deposit-taker with capital of more than film.

Enhancement of the deposit two-tiers was also an issue.

In practice the Bank has already

individual bank failures, much

ately misleading the Bank in prudential reports.

Bank's proposals, that deposit-chairman of British Telecom.

The board has begun to operate on a non-statutory basis clear that the Bank is not tants on the adequacy of their until the bill is enacted.

Bank, a bank and its auditors be the new regulatory regime.
Altogether, it amounts to a

they were concerned about a bank. Mr Blunden said he thought this would be 'exceptional "

their new securities activities. and large exposures, all of which are intended to flesh out

more elaborate system backed by stronger statutory powers. This is being viewed with mixed feelings in the UK banking industry: bankers want to be spared crises, but also regula-tory hassle, and many of them have complained that UK banks will be unfairly handicapped compared to their foreign com-

For the Bank, on the other hand, the additional powers are welcome, but they also place on it a vastly greater responsibility to ensure that nothing goes

wrong.
The bill is also coming at a time when the Bank is leading a wider move by international banking supervisors to tighten up banking standards, particularly on the matter of higher capital backing for some of the more innovative financing techmore innovative financing tech-niques now being used by banks.

Mr Blunden has made it clear to foreign banks operating in London that they will be expected to adhere to UK standards, whatever the situation on their domestic markets.

Altogether, the UK authorities seem determined to resist authority (something which was never fully formalised in statute before) and strengthen its statutory powers to prevent institutions taking in deposits illegally.

Specification of the role of auditors in the supervisory process. Earlier this year, Mr chairman of the Royal Trust George Blunden, the Deputy of Company of Canada; and Mr constructions the Bank in Bank and foster greater confidence in the institutions which operate

David Lascelles

THE CITY'S discount houses, long among its more privileged establishments, will also be among those that feel some of the stranger. the strongest tremors from the

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Barry

the strongest tremors from the Big Bang.
Already this small band of banks specialising in the money markets have seen their number reduced from 13 to eight in recent years as the Bank of England has slowly dismantled the protective barriers around them.

Of that number, four have been taken over by larger institutions (three of them foreign), leaving only four independents to find a new role for themselves. These are Gerrard & National, Union Discount, Cater Allen and King & Shaxson.

Shaveon.

Although the Bank will continue for the time being to deal with the discount houses exclusively as the intermediaries between itself and the UK banking system, the discount market instruments.

Alternatively, it can remove the barrier that separates the discount market from the gilts market, and allow banks to trade in the whole spectrum of morey instruments from overnight deposits to 30 year governight deposits to 30 year governight.

Discount houses

The competition will get tougher

Before long—possibly after a couple of years—it is expected that the Bank will change its dealing arrangements in a way that will expose the discount bouses to much greater competition.

Ye had a serious dealers. ment bonds, as they do in the US, with access to the Bank of England. Eventually, the Bank will probably take both steps, and effectively eliminate the discount market as a separate trading market altogether. However,

It has a number of options. It

Financial Advisers in	UK Public	Takeovers:	Jan-Jun	e 1986 _.
Financial Advisers in Financial Advisers I. Morgan Grenfell 2. Kleinwort Benson 3. Hambros 4. Goldman Sachs 5. Robert Fleming 6. N. M. Rothschilds 7. Chartarisouse Bank 8. Samuel Montagu 9. Schraders 10. Moble Grossart 11. S. 6. Warburg 12. Hill Samuel		Takeovers: No. of Defen 11 16 6 3 9 2 8 1 1 1	ces Total	Value £m 11,690 8,575 7,087 6,617 5,185 3,487 3,406 3,309 3,171 3,137 1,457 1,045
13. Lazard Srothers 14. Bartlays De Zoete Wei 15. Baring Brothers 16. County Source: Aquisition Monthly	3 44 3 7 5	6 4 5 2	9 7 12 7	811 717 607 449
 				

port of monetary policy, and because of this it will only deal

Gerrard, the largest, has been building up new businesses, like commodities broking, and intends to become a primary dealer in gilts. Earlier this year it raised £22m in its first rights issue to boost its resources to

issue to boost its resources to enter new markets.

Union, the number two, has gone into leasing, but decided against becoming a primary dealer because in its view the privileges outweighed the costs. It will, however, be active in the financial markets.

Cater's, which had a rights issue for £18m as well, will also be a glits dealer, but has gone into new businesses like insurance. King & Sharson, the smallest of the independents, intends to become a money

count market as a separate trading market altogether. However, the central bank will most likely preserve certain safeguards for its own purposes.

This is a sensitive issue for two reasons; one is that the Bank has traditionally preferred to deal with the UK banking system at a distance—and the discount houses provided a convenient buffer. This suggests that even if newcomers are admitted to the discount market, they may have to deal through specially established subsidiaries.

The other is that the Bank the suggests of the independents, intends to become a money broker in the gilt market. The four houses which have been bought by larger groups are all being used by their parents as the short-term money market dealing arms of much larger integrated capital market operations.

These include: Alexanders (now part of the investment banking business being assembled by Mercantile House), Clive Discount (part of PruBache, the US investment bank), Seccombe, Marshall & Campion (belonging to Citicorp), and Ouin Cope (bought by Banque Beige).

because of this it will only deal with approved houses.
Whatever happens, it means the discount houses will lose their monopoly—something for which they have been preparing for a number of years. All of them intend to remain dealers in the financial markets—for which they see themselves wallwhich they see themselves well-suited with their readiness to "take a punt," though they have been looking at new fields as well.

Finance houses

New leasing business suffers

OVER THE last few years the to the withdrawal of first-year the development of sales-aid

OVER THE last few years the finance houses have enjoyed a allowances, resulting in an exceptional performance for tured office automation equipment. The partnership is an interesting example, as it highlights considerable challenge as tax-based leasing becomes less dominant in the overall asset-based finance market.

Instead of the generous accelerated system which had been in operation for well over a decade, 100 per cent allowances, resulting in an exceptional performance for tured office automation equipment. The partnership is an interesting example, as it highlights for leasing, which in 1985 accounted for 20 per cent of all ture of UK leasing. First, the office equipment of sales-aid the development of sales-aid the developme

since King & Sharson, the smallest of the independent of the generous lest of the independent of the smallest operations.

These include: Alexanders (now part of the investment banking business being assemble to the investment banking business being the companies of the smallest operation.

Seconds, and the same thank, the smallest of the changes assemble to the changes assemble to the investment banking substitution in the lease market, the finance in the same thank of the smallest operation of the weather operation in the lease market, the finance in the same thank of the smallest operation in the lease market, the finance in the same thank of the smallest operation in the lease market, the finance in the same thank of the smallest operation in the lease market, the finance in the same thank of the smallest operation in the lease market, the finance in the same thank of the smallest operation in the lease market, the finance in the same thank of the smallest operation i

leasing business. Unlike other leased assets, vehicle leasing has not been affected by the has not been affected by the latest change in capital allo-wances since first year allo-wances on cars were ended hack in 1880. In the period April-June 1986, private and commercial vehicle leasing rose by 26 per cent.

The other alternative, for

Merchant banks

Two good years, now the crunch

NEVER IN their long history have the British merchant need more capital for some of the newer ventures into which they do now. The business that they had shared between them is now being fought for by the move from fixed to negotiothers. Not only the UK clearing banks, which have established single to dual capacity in the merchant banking subsidiaries, but also foreign-owned investment banks are trying to get the merchant banks are trying to get.

Most spectacular has been S.

The merchant banks are also fighting their way into new areas of business. From the traditional banking business

At least the merchant banks have had a couple of excellent years before the crunch. The high level of corporate activity, mainly mergers and acquisitions work, but also new issues, has brought corporate finance fees rolling in. At the same time, and not unrelated, surging stock markets have given the investment management departments higher fees; while those banks which have moved into the securities business have made a lot of money too.

Merchant banks still dominate the corporate finance market, as the table of financial advisers in takeovers shows. But in fourth place, in the first half of 1988, is Goldman Sachs, one of the aggressive US investment banks that British bankers have come to fear. Goldman was involved in deals such as Woolworths' defence where no US interests were being served by its presence.

One of the features of takeover the crunch. The market that some of the larger banks are could quickly be lost.

Some of the larger banks are confident that they can compete with the far better capitalised US and Japanese firms, especially as those may regard London as only a portion of their business. Others are preferring to look for specialist niches where they can avoid a head-on collision with such powerful rivals.

Hambros Bank, for instance, has largely avoided the Big Bang, taking an interest only While maintaining a range of the aggressive US investment banks that British bankers have come to fear. Goldman was involved in deals such as Woolworths' defence where no US interests were being served by its presence.

One of the features of takeov-ers today is the way that finaners today is the way that financial advisers are prepared to put their own capital behind bids by, for example, buying shares in the companies involved. Similarly, a trend towards leveraged buy-outs, such as the one proposed by the Australian group Elders for Allied-Lyons, requires the bidder's bank to assemble a syndicate of lenders. In that case Citicorp obliged, but the smaller UK banks might have found it more difficult.

more difficult.

Added to that, Bank of England rules on UK banks' ability to lend substantial proportions of their capital to one particular nder are tighter than for many foreign banks. That puts even more pressure on banks to raise capital. Morgan Grenfell's flotacapital morgan crement's hoteless tion brought in over £150m for the bank, but even that was not enough in the run up to Big Bang, and a further \$200m of primary capital was found through a perpetual floating rate note issue. Others, such as Rothschilds and S. G. Warburg, have also made FRN issues. Other banks have opened up their shares, or moved in that direction Baring Brothers, still very private, changed from being a partnership to a company. Hambros coped with the departure of part of the family with a share restructuring. with a share restructuring. Brown Shipley now has Kredietbank as a 20 per cent sharehol-der, while half of Henry. Ansbacher's shares are held by Groupe Bruxelles Lambert.

ment banks are trying to get involved.

At the same time, the merchant banks' need for more capital to compete with these larger and richer newcomers has made it difficult for those that are still private to remain so. The bigger banks are raising capital through the markets—such as Morgan Greenfell's flotation this summer, and various banks' recourse to the floating rate note market. The smaller banks are often forging links with overseas groups by taking them in as shareholders.

The merchant banks are also fighting their way into new areas of husiness Erom the

Such operations require a areas of business. From the traditional banking business through corporate finance and investment management, merchant banks are stretching out to securities trading, insurance broking, even estate agencies, in their search for new sources of profit.

At least the merchant banks have had a couple of excellent years before the crunch. The

has a majority stake in Hambros
Countrywide, and hopes to use
this retail network to sell other
services to house buyers such as
mortgages and insurance.

Kleinwort Benson has, through the building of a swaps team, developed a niche within its more traditional banking business. This team, which exchange of obligations between borrowers, is one of the leading players in this huge global market

Throughout, there is an emph asis on making more profits from fee income than from margins made on traditional lending. As competition has toughened in commercial banking, as well as in the securities markets, the returns available have narrowed sharply. The wealth of corporate finance business enjoyed by the mer-chant banks in the last couple of years has pushed their share ratings higher.

But now stock market analysts have become concerned that, if takeover activity falls, merchant bank's profits will dwindle. As a result, the sector has performed badly of late. Fuller disclosure of profits might help, and it is move some banks are consider ing although many are loath to give up the privilege of keeping part of their earnings secret. Whatever the future brings, the merchant banks themselve

are confident that they will be

able to adapt and survive as they have over the years. Maggie Urry

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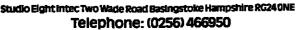
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Foreign Banks

Leading players take the plunge

Already a number of the leading players have plunged into the new-style securities marthe new-style securities mar-kets, either buying established stock market firms or building up their own in-house securities up their own in-house securities ficant and growing impact on the domestic banking scene, up their own in-house securities trading capacity. They include, for example, Chase Manhattan, Citicorp, Royal Bank of Canada, Security Pacific and Union Bank of Switzerland, all of which acquired Stock Exchar which acquired Stock Exchange companies; as well as powerful groups such as Morgan Guaranty which have developed or bought their own talent. Trading international secur-

itles, as one of three main legs in the global circuit, with New York and Tokyo, adds another element to London's draw for element to London's draw for foreign banks. The City has a bigger representation of foreign banks than any other centre (though New York has lately shown signs of catching up). And, in spite of the costs of running a London operation and efforts by other centres to pull in international banking business, it appears likely to remain a dominant force. The reasons are well-known.

The reasons are well-known. First, London's position puts it First, London's position puts it in a time zone conveniently overlapping with New York at one end of the day and the Middle and Far East at the other. Its language is English, the language of international banking. It has a supervisory regime which, although now in the process of being reorganised both to deal with the results of the changes on the Stock Exchange and to update the banking changes on the Stock Exchange and to update the banking legislation, is essentially sym-pathetic to innovation in the financial services sector and relatively informal. And it has a pool of experienced (and, these days, expensive) talent, both in dealing in financial instruments and in producing new ideas in the growing menagerie of acronymic financing techniques such as Cats, Tigers and Stags.
The progress of the City's foreign banking community has
been charted now for 20 years been charted now for 20 years by The Banker. It has, during that period, grown substan-tially. In 1967, there were 114 foreign banks with direct repre-sentation of one kind or another. By last year, the total had increased to just short of 400. The operations of the fore-

instruments, as it already does tial branch operations with in the field of international staffs of over 1,000. In a number banking And this development of cases they also include sub-can only enhance further its sidiaries, functioning as invest-attractions to foreign banks as a ment banks and, in the new base for their international actienvironment, participating in the securities markets. They also include, for several US banks, their European

> petition for the UK-based banks in trading and lending. Together, the foreign banks and the (mainly foreign-owned) Lon-don-based consortium banks account for around a fifth of all lending by banks in Britain in sterling, and some 70 per cent of

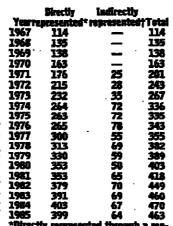
> The pattern of development of foreign banking representation there have been two main waves, when numbers of new entrants came in. One was in the early 1970s, when the Euro-currency markets were begin-ning their rapid growth and London was establishing its position as the main centre for Eurotrading. Then, in the late 1970s, there was a further substantial increase in numbers.

> More recently, growth has slowed down. Last year, indeed, there was for the first time a significant drop, with the num-bers of foreign banks directly represented down from 403 to 399 (in addition, another 64 banks were represented through interests in one or other of the 25 consortium banks and joint ventures listed in The Banker).

The decline reflected a number of departures, including, most prominently, that of Wells Fargo, the US West Coast bank, which had adopted a strategy of concentrating its international business on its Pacific Basin outlook. It also reflected a number of mergers, particularly among the regional banks in the United States, where groupings are being formed in areas such as the south east capable of challenging the strength of the big money centre banks like Citibank. The decline reflected a num-

It is, however, to be expected that the growth in numbers will slow down. There is a limit to the number of banks likely to aspire to be significant participants in the international bank-ing markets; the majority are already established in London.

London's foreign banking



resonance sidiary, 10ther banks indirectly represented through a stake in a joint venture or consortium bank.

What has been happening more what has been happening more recently, however, is that banks which had previously been predominantly domestic operations in their own countries have begun to develop international interests. They include the control of the control include specialised institu-tions—such as the agricultural banks Crédit Agricole of France and Norinchukin Bank of Japan (both very large); smaller regional banks and a number of countries including, particularly, Japan; and savings banks. In part, it is a reflection of the increasing breakdown of traditional barriers between different types of institution.

A preliminary run-through of this year's list looks like showing a renewed growth in the foreign banking representation in London. There has been one "re-entry." Banque Worms of France, which sold out of its London operation after nationalisation, has bought back in through the acquisition of the London branch of Amer-ican National Bank and Trust Co of Chicago (which earlier was bought by First Chicago, which has its own London operation). Wells Fargo bought Crocker National Bank, which had its own representation in London, from Midland Bank; the Crocker office has been

Other newcomers in the past year include: Die Erste Oster-reichische Spar-Casse-Bank/ reichische Spar-Casse-Bank/ First Austrian Bank; Andelsbanken Danebank, from Denmark, Société Interna-tionale de Banque, from France; Gibraltar and Iberian France; Gibraltar and Iderian Bank; Bank of Crete; Etrufin Reserco, a joint representative for eight Italian regional savings banks; two Japanese banks, Hyogo Sogo and Nippon Trust and Banking; two from Saudi Arabia, Arab National Bank and Saudi British; and Banque Scandinavé en Suisse.

Michael Blanden

UK Fixed interest

A shake-up in gilts

kets, it is the market in Govern-ment "gilt-edged" securities that will be the most profoundly affected by the deregulation of the Stock Exchange and the other changes associated with

The gilt-edged market is also the one in which banks, which include not only UK institutions but also several foreign, particularly US, players, will have the greatest involvement. In some respects, the character of the new market, modelled mainly on the US Treasury Bond market, will be moulded more by the banks who own nearly all the leading participants than by the stockbroking and jubbing firms that have traditionally dominated the

The key role the gilts market The key role the gilts market plays in UK monetary policy, the increasing securitisation of debt on a global scale, and the need for large injections of capital into the new-style dual capacity gilt dealers, have ensured a dominant role for the international banking com-

munity.

It is the Bank of England, rather than the Stock Exchange, that will have the greatest influence over the regulation of the market. Each of the 27 primary dealing/market-making firms in the newly-structured market has had to submit detailed plans of its operations and the conital at its disposal to the capital at its disposal to the Bank of England. The Bank will monitor closely the risk expo-sure of each firm, and will require daily reports from each.
With the Stock Exchange, it has also set up a Central Gilts Office, as a clearing house for

transactions in gilts.

Nevertheless, the Bank has adopted a liberal attitude towards potential entrants. Any institution that has met its strininstitution that has met its stringent prudential requirements will be allowed to participate. As a result, the number of market makers and the amount of capital behind them when the new market begins on October 27 is generally assumed to be excessive. One approved market maker, the Union Discount Company, dropped out of the company, dropped out of the race in July, saying that the return it expected on its capital in the market was too low to

justify its presence.

The two leading market mak-

to become part of Mercury Securities. Nearly all the other leading

Nearly all the other learning UK merchant and clearing banks are also involved in the market. National Westminster Bank has built up a presence through its investment banking subsidiary; Midland, through its acquisition of W. Greenwell. subsidiary; Midland, through its acquisition of W. Greenwell, one of the two leading stockbroking firms in gilts; Lloyds Bank through a homegrown subsidiary. Morgan Grenfell, Kleinwort Benson, Baring Brothers and Hill Samuel are the states. the other merchant banking

The US banks have seen the gilt-edged market as the most attractive way of establishing a foothold in London, because of foothold in London, because of their skills and experience in trading bonds, on which the new market will place a high pre-mium. One of the leading US players, Bank of America, drop-ped out of the running in March, but largely as a result of its difficulties back home. All the other US designated marketmakers have re-empha-

marketmakers have re-empha-sised their commitment to the market. One, Merrill Lynch, which has bought the small giltedged jobber, Giles and Cress-well, established itself as the third leading marketmaker over the summer by carrying out a high proportion of deals outside the Stock Exchange and undercutting the prices of the Stock Exchange jobbers.

Exchange 100bers.

The other large US institutions that are to become primary dealers through their acquisition of UK stockbroking firms are Chase Manhatten, Citicorp, Prudential-Bache Securities, Security Pacific and Shearson Lehman. In addition the Bankers Trust, Credit Suisse First Boston, the jointly-owned Swiss-US investment bank, Goldman Sachs, Morgan Guaranty and Salomon Brothers

have all set up their own gilt subsidiaries.

Three other foreign banks, Union Bank of Switzerland, the Hongkong and Shangkai Bank and the Orion Royal Bank of Canada, will also be represented in the new gilts market through their London trackbanking arbeidings. stockbroking subsidiaries. There will also be other parti-

cipants in the gilts market out-side the ranks of the primary dealers. Capel-Cure Myers, the stockbroking firm owned by the Australian-based ANZ banking ers in the old gilt-edged market, dealers. Capel-Cure Myers, the who between them accounted stockbroking firm owned by the for about 80 per cent of all Australian-based ANZ banking trades, were Wedd Durlacher group, recently announced it and Akroyd and Smithers, would become an agency broker Those two firms have now both in gilts, charging commission to be a supplied with stockbroking firms without ever acting as principal. and Akroyd and Smithers. Would become an agency broker Those two firms have now both joined with stockbroking firms to form part of a larger investment banking operation. Wedd tonal wisdom that all large Durlacher now forms part of Barclays deZoete Wedd, a subsidiary of Barclays bank, while Akroyd and Smithers have joined forces with the merchant bank S. G. Warburg and two stockbrokers, Mullens, the Gov-

OF ALL London's financial mar-kets, it is the market in Govern-market, and Rowe and Pitman. available in the gilts is expected to help the traditional agency brokers who offer to seek out the best bargains. The Stock Exchange's screen-based price information system will conly mid-market prices qu by market makers without show ing the spread Only the recognised primary dealers will be granted access to the screens of the specialist inter-dealer brok-

ers which will display the prices they are quoting to match bar-gains between the primary dealers. The one major group of banks and financial institutions which will be absent from the fray, at least in the first year, will be the Japanese. This is surprising in view of their size and control over the world's largest exports of savings, most of which has ended up in fixed-interest stock. The Japanese already dominate the US Treasury Bond market, where they frequently take on to their books more than half the stock on offer, and they have established a similar lead in the London-based

market The main reason for their slowness in entering the gilts markets as primary dealers is trade friction, in particular the fear that the Bank of England and Treasury will not allow them to participate until UK firms are granted equal access to Tokyo's financial markets. As a result, their efforts have been focused on developing focussed on developing relationships and joint ventures with UK broking firms. But, by next autumn, the Bank of England expects a second round of entrants and several Japanese

To a large extent, many of the new entrants are likely to be taking the places of other parti-cipants that have been forced to cipants that have been forced to withdraw because of the intensity of the competition. The prospect of a continuing decline in Government debt as a proportion of GDP will exacerbate the pressures. Many City observers, including several gilt-market participants, claim to forcese a blood-bath in which only a handful of participants. only a handful of participants survive and begin to make dequate returns on their

The more sanguine view shared by the Bank of England is that, once dealing costs are slashed, turnover in the market is likely to increase, possibly as much as fourfold to bring it into line with the US Treasury Bond line with the US Treasury Bond market. This should be suffi-cient to support eight to 10 prim-ary dealers covering the entire market and taking large posi-tions, with another 10 to 15 deal-ers developing specialist niches in terms of clientele and range

The other element in the optimistic scenario is that the traditional dominance of gilts in the sterling fixed-interest debt market will decline. At present gilts account for about 85 per cent of all trades, despite the

scoleties get where they are as the individual societies. It sums up the earticon with which, in the past, they have approached immediate and the past, they have approached immediate the past of the article with the past, they have approached immediate the past of the article with the past, they have approached immediate the past of the

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Still evolving from the cartel EVOLUTION, not revolution— such is the unofficial motto of some of Britain's biggest building societies. It sums up the EVOLUTION to revolution— such is the unofficial motto of some of Britain's biggest building societies. It sums up the and the factors that will determine what they will achieve in ducts. cent of all trades, despite the persistent efforts and exhorts and exhorts over the last five years to encourage the revival of the flourishing UK corporate debt market. The gilt-edged primary dealers participating in such a market would benefit from sub-flucts.

Building societies

In the experience of Mr Spal-societies—since receipts for ding and the Halifax, one can savers are now highly vulner-chart the history of how able to small fluctuations in the

take these changes out of there historical context—in the gradual emergence of building societies from their cartelised, heavily-regulated background in the 1970s.

That emergence was sign-posted by the setting-up of the Spalding Committee in 1981, to consider recommendations for partial deregulation of the industry. The committee was chaired by Mr John Spalding, chief executive since 1975 of the Halifax Building Society, the UK's largest

This is now essential for many the finally disappeared entirely earlier this peared entirely earlier this developed corporate planning strategies.

Some have instituted formal planning processes: the Halifax is found a new funding general manager for strategic Gilchrist specifically as its general manager for strategic Has it found a new funding strategy to cushion it against increased volatility in the savings market—by, for instance, developing skill in tapping the wholesale money markets try—seem to have had difficulty setting and implementing long-trate visions of the strategies.

**Nome have instituted formal planning processes: the Halifax general manager for strategies.

**Some have instituted formal planning processes: the Halifax general manager for strategies.

**Some have instituted formal planning processes: the Halifax general manager for strategies.

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**Some have instituted formal planning processes: the Halifax general manager for strategies.

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**Some have instituted formal planning strategies.

**Some have instituted formal file velocity as even appointed Mr David Gilchrist specific

Nick Bunker

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Selectivity, not size

BRITAIN'S BANKS have long close South African ties, is had large international operations, mostly dating back to colonial times. But the character of this overseas business is under the conventional overseas banking to match foreign banks in performance.

Although these the walkleiders are conventional overseas banking to match foreign banks in performance.

moment, reflecting the rapidly changing priorities of the world market.

Nothing exemplifies this more than the decision last February by the Midland Bank to sell Crocker National, the loss-plagued California bank which it bought only five years ago in what is still the largest international banking acquisition ever seen—over \$1bn.

Although the sale was prompted by the disastrous nature of the acquisition, it also reflects a broader retreat by bankers from the notion that huge branch networks are necessary in foreign countries. Lloyds Bank, for example, sold its California bank at the same time. Other UK banks have also become much more selective about where they place branches abroad, particularly in the retail market.

They have been forced to

market.
They have been forced to accept that the management and financial resources needed to make a success of these operations are extremely—

operations are extremely—
often unacceptably—large:
other countries work differently, local customers may
not want to do business with a
foreign bank, unfamiliarity
breeds risks.

Barclays, which has needed
several years to get its US
operations in order, took
another knock earlier this year
when it lost over £20m on its
Italian operations and was
forced to cut its staff there by
half. Banks have also suffered
losses in other markets like the
Far East where the shipping
and property industries have
been badly hit, and the Middle
East where the region is in

receptably—large:
others will follow. Many of them
have established investment
have director
have destread as well.

This new direction reflects
the desire of banks to be able to
serve the widest financial name
have esta East where the region is in

recession.

All this has added to the disillusionment many bankers have been feeling about lending abroad, particularly in the wake of the Third World debt crisis. The need to make provisions against doubtful foreign loans has eaten heavily into profits in recent years, particularly at recent years, particularly at Lloyds Bank which is most heavily exposed to Latin Amerheavily exposed to Latin America. But that, at least, has given them a cushion against loss.

In the case of Standard Chartered and Barclays there has been the additional aggravation of South Africa where they have uncomfortably large operations. Both have taken steps in the last year or so to loosen their links with their South African affiliates in response to intensifying. win their South Arrican anin-ates in response to intensifying-political pressures, and would-probably wish eventually to pail out altogether if it could be done in a seemly and profitable way. Hill Samuel, the merchant banking group which also has

tions, mostly dating back to colonial times. But the character of
this overseas business is undergoing a marked shift at the
moment, reflecting the rapidly
changing priorities of the world
market.

Nothing amount to do something similar.
However, the retreat from
conventional overseas banking
is only half the story. Midland,
ear's US capital markets operations when it sold the bank, and
has now concentrated that activity in New York where it intends to build up its foreign exchange and government securities busi-

All of this falls broadly under the umbrella of investment banking which has replaced conventional banking as the major thrust of the UK banks' overseas expansion. Instead of marking their foreign advance by opening bank branches, they now rate it more in terms of the number of foreign capital mar-hets, stock exchanges and secur-ities businesses to which they have gained access.

All the clearers, for example.

have gained access.

All the clearers, for example, are aiming to become securities dealers in the US and Japanese markets (insofar as local regulations permit). Midland is also a recognised dealer in US government stock, and Lloyds has applied to be one too. In Japan, NatWest has been granted a securities licence, and the others will follow. Many of them have established investment banking operations in countries like Germany, Switzerland, Hong Kong and Australia as well.

has been marked, in addition, by their interest in having their own shares listed on foreign stock exchanges. Barclays has led the way here, becoming last led the way here, becoming last mouth the first UK bank to have listings in the world's three major financial centres, New man of Barclays claims, they are york, London and Tokyo. Other "dumping" their services on hanks have indicated similar intentions, and NatWest is to sell £121m worth of shares to US investors.

The idea is to broaden the

are getting most of the publicity, the traditional banking side still forms the bedrock of the clearers' overseas activities.

After a sticky start, for example, NatWest's US operations, which include a sizeable branch matroopt in New Yeal

network in New York, are now making a healthy return, and NatWest has broken new ground in countries like Spain, where it in countries like Spain, where it bought a share in a local bank, and South Korea where it has opened a representative office.

Lloyds Bank's unsuccessful filsh bid for Standard Chartered was also intended to develop solid basic banking services like trade finance and letters of credit, and give Lloyds a foothold in a wide number of new markets, notably in the Asia and Pacific region. Lloyds was particularly keen to be able to finance trade deals between non-UK partners, figuring that

to finance trade deals between non-UK partners, figuring that its own strength in Europe and Latin America would complement Standard's in the Pacific rim, including the US West Coast.

Even though that plan has been thwarted, Lloyds has merged its international arm, Lloyds Bank International, into the main body of the bank to the main body of the bank to reduce duplication, and create an integrated balance sheet which is more efficient for tax well.

This new direction reflects the desire of banks to be able to serve the widest financial needs of their top rate, multinational clients. It also stems from the current fashion for finance based on securities rather than

ign earnings in the first part of this year. Clearly, UK banks are not retreating from the overseas markets as a whole. But times

investors.

The idea is to broaden the banks' investor base and promote their names in wider financial markets are becoming dominated by a few all-round institutions, and they want to be among them.

David Lascelles

UK clearing banks' international profits: £m pre-tax (Figures in parentheses are % of total profits).

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•	2014	land .			37 (19)	26 (17)	43 (13)	
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Retail banking

Escalating the war

"FINANCIAL insanity—that's what it is." So said the finance general manager of one of the UK's biggest building societies, in a reference to some of the retail banking deals now on offer in British high streets.

offer in British high streets.

He was alluding—albeit with a heavy dose of hyperbole—to the high interest rates now being paid on some societies' savers accounts. Rates, he pointed out, which can now leave very little profit margin from mortgage lending.

His comment give a taste, however, of the heady atmosphere of rapid innovation—sometimes very costly to the participants—as building

participants—as building societies and the clearing banks strive to expand market share in the retail savings and loans market. National Westminster, for instance, launched only last month Credit Zone, a new sim-plified overdraft facility allow-ing credit-worthy customers easier access to an overdraft up

to a pre-arranged limit. This is even before the impact of the TSB's £1.5bn flotation—which will leave it ample funds to spend on expanding its branch network, acquiring estate agency chains and insurance brokers and thus pushing deeper juto the life assurance. deeper into the life assurance, unit trust and mortgage markets where it has already made big

Insanity is, of course, far too strong a word for the speed of new high street banking developments. But the last 18 months have seen a sharp escalation in the war for retail money. The Big Four clearers in particular, one suspects, must now be wondering what more they can do to maintain and strengthen their position.

In the past year, for instance, the rest of the Big Four have sacrificed commission income, sacriniced commission income, by abolishing charges on in-cre-dit current accounts—following the path taken by Midland in December 1984. This move alone may be costing the Big

alone may be costing the Big Four £100m annualy, according to estimates produced by bank-ing analysts at Quilter Goodi-son, the stockbroking firm.

An index of its damaging effects was that National Westminster, Lloyds and Barc-ley many initially so reluctant lays were initially so reluctant to copy Midland's move. They had to do so, observers argue, because of Midland's apparent big successes in picking up some 450,000 new current

accounts in 1985. me other recent competitive moves have, however, been fixed rate commissions, and consumers—and here Sirallowing participants to open an instant access high-interest cheque account. It was following in the footsteps of Barclays and Midland.

Such more underline the bank's half-yearly constitutions and taken of the bank's half-yearly constitutions.

Midland.

Such moves underline the trend over the past year for the clearers to stress the quality restraint in consumer lending, and breadth of their services, because of the danger of and to make a very clear pitch worsening debt experience.

The bank's profits apparently t

akin to services already offered unwise relaxation of lending by merchant banks to affluent standards. Here, in fact, the individuals.

Most noticeable of all, however, was Barelays' launch ithis spring, amid heavy television advertising of its Customer land swiftly lent £600m in mort-service Project. It includes big gages under its highly competitivestment in staff training to tive Homeowner Plus scheme, enable the delivery of personal which offered a ½ per cent services, such as stockbroking reduction in interest rates for Closely involved in this will the mortgage's first year, plus the Barelayshare. A relail broken money towards solicitons' free.

Again, Barclays' customer service project will involve heavy spending on branch refurbishment—where the clearers have, ance, currently cost about three in the past, perhaps fallen to five percentage points over behind the building societies in the bank base rate; personal projecting an attractive image loans about seven to eight to the public Midland, for instance, is to spend £200m over the cards 12 to 15 percentage points next three years on renovating over base rate, and credit ance, is to spend £200m over the cards 12 to 15 percentage points next three years on renovating over base rate. If highly-geared 300 branches to adopt a lively, consumers became as sensitive open-plan look adapted from to the price of borrowing as they successful high street retailers. are to marginal variations in This kind of marketing effort building society savers' rates, is possible—and worthwhile—the retail banking market could because of the big profits the face a further competitive because of the big profits the face a further competitive clearers have been drawing shake-up.

Nick Bunker

eminently sensible—because for instance, reported 1866 they could help restore some of interim pre-tax profits up by 34 the fee and commission income per cent to £482m—of which that has been lost. Lloyds, for about 66 per cent came from UK instance, announced in mid-domestic banking. But much of September that it was to offer a this profit apparently depends new Sharedeal stockbroking on the continuation of high service for customers, charging levels of borrowing from UK fixed rate commissions, and consumers—and here Sirallowing narticipants to open an Timothy Beyan, chairman of

towards the top end of the market—the high net worth individual, or the young professional with strong earnings potential.

Here, a notable example was Lloyds asset management service, launched earlier this year clearers.

The bank's profits apparently suffered in consequence: UK lending was up 2 per cent, and profits were up just 8 per cent—way adrift of the 27-to-34 per cent increases Lloyds asset management service, launched earlier this year clearers.

to offer a combined high Sir Timothy drew particular interest chequing account and attention to the mortgage marinvestment management service ket, where he saw signs of an akin to services already offered unwise relaxation of lending

his spring, amount of the customer in staff training to enable the delivery of personal services, such as stockbroking.

Closely involved in this will be Barclayshare. A retail broking operation, it shows that advantages banks can draw in government in the Big Bang il markets, and from the broader in movement towards wider share in movement towards with the mortgage's first year, plus the services sector when the services sector when the services sector when the services se

ownership.

It will be able to draw on the trate just how vulnerable banks' resources of Barclays' securities consumer lending, whether house, and offer customers' through their own branches, or investment advice and dealing their finance house and credit services. In turn, it will be well-card subsidiaries. Such a placed to offer administration of Personal Equity Plans in of bad debt experiences—or a 1987. recognition by consumers of the very high current cost of bank credit.

Personal overdrafts, for instment-where the clearers have, ance, currently cost about three

Commercial paper

Caution at the top end

THE NEW market in sterling commercial paper has got off to a relatively slow start despite the fanfares that accompanied its launch in May. Although there is evidence of fairly strong demand among investors for sterling short-term money mar-ket instruments, there has been a relative dearth of good quality corporations willing to tap the

market.
This is all in striking contrast to the rather overblown propaganda put out by investment and merchant bankers when the market opened. This suggested that the development of a commercial paper market could radically transform the face of British banking.

At a stroke a new borrowing At a stroke a new borrowing

opportunity had been created which would offer cheap finance to companies and wean them away from their traditional reliance on commercial bank overdraft facilities.

bank overdraft facilities.

Commercial paper represents short-term negotiable borrowing by companies that can be sold directly to investors in the money market, thus bypassing the banking system.

Yet companies, particularly those at the very top end of the UK credit spectrum, have been slow to catch on. There are three main reasons for this:

remain to be convinced that the cost savings of borrowing in the cost savings of borrowing in the commercial paper market are worth the effort.

Though it costs little to set up

a programme, the actual run-ning of it does require investment in management time and expertise. Meanwhile there are cheap alternatives such as the well-established market in UK bankers acceptances.

• The legal framework for the market is very unclear and will remain so until the Financial

remain so until the Financial Services Bill is passed.
This will incorporate an amendment allowing companies to sell paper direct out of the UK instead of taking the cumbersome route of setting up an offshore financing vehicle. At present it appears possible for direct selling to take place out of the UK, but only on a very restrictive basis.

The UK authorities have put fairly stringent eligiblity condi-tions on companies wishing to tap the market.

Unlike in the US, soverign not borrow, borrowers must be listed on the London Stock Exchange and they must have net assets of at least £50m. Banks which have been large borrowers in the US market may not raise funds in this way in the

Many bankers believe that this approach was deliberately chosen by the Bank of England in order to ensure a relatively cautious opening to the market. The expectation is that its strict rules on eligibility will be relaxed eventually once the market has found its feet.

Meanwhile the Bank has been Meanwhile the Bank has been in a strong position to limit the flow of paper on to the market because of the stranglehold it exercises over the competing market in bankers' acceptances. Because of its past policy of overfunding in the gilt-edged market the Bank has built up a large stock of hunbary accept.

large stock of bankers accept-ances, known in the jargon as ances, known in the jargon as the bill mountain. These hol-dings have depressed the yields on bankers acceptances, making them a particularly attractive borrowing vehicle. Now the overfunding policy has been changed, but the speed with which the bill mountain is

unwound will affect the attractions to borrowers of the com-

mercial paper market.
This is not to say that borrowers have shunned the market altogether. Trading opened in May in a blaze of publicity with Hawley Group, Redland and the US transport concern: PHH Group all selling paper.

addition to the range of finan-cial services offered in the City.

The launch of a programme by
one or more really blue chip
companies would also help,
they say, and this should only be

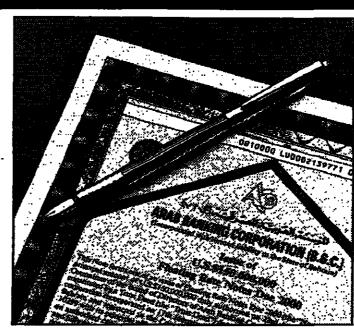
a matter of time.

What is also clear is that ster-ling commercial paper is likely to remain a very competitive market. It is traditionally a high volume, low margin business and the giant US market sus-tains only about half a dozen

really sizeable dealers. That means that at least some of the houses now jockeying for market share in London are bound to end up disappointed

Peter Montagnon

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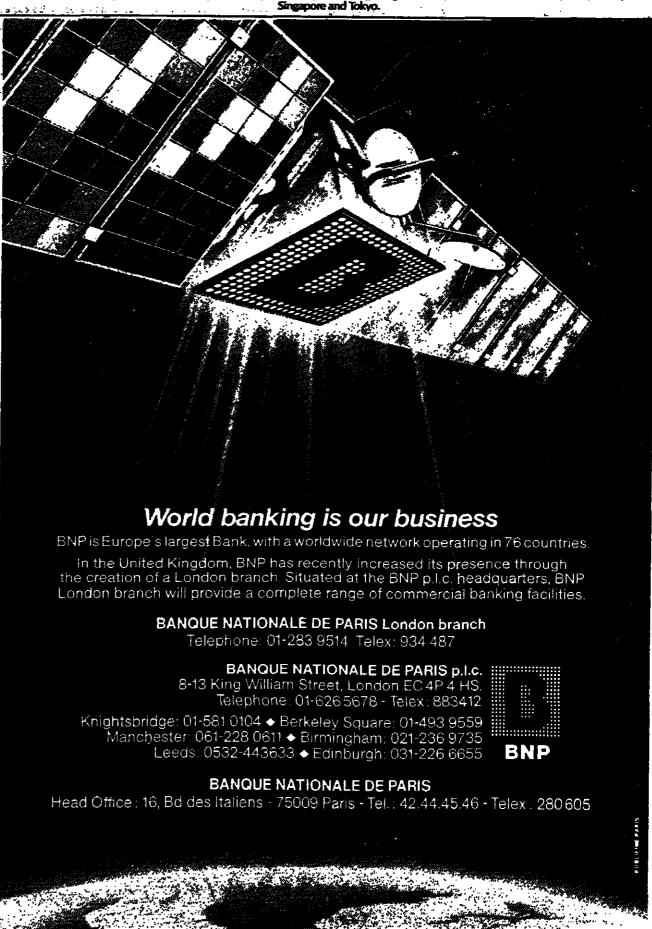
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Small Businesses

Sharper eye kept on progress

least one bank account.

SMALL BUSINESSES are big business for Britain's banks. of amalgamations of many smalter regional-based banks which ler regional-based banks which ler regional-based banks which ler regional-based banks which they are strongest. Mr Ron Farrar, who heads small There are about 1.5m of them—turning over less than \$\text{than}\$ to have at least one bank account.

recent years been more about development than discovery.

This is probably more true of the two bigger banks, NatWest and Barclays, than of Lloyds their rivals can also the tactoriate relationship between bank manager and business customer small business customers, mutual success.

Why this should be so is sum-

A move in the right direction . . .

march of modern marketing and So, although the small business sector has assumed a than their competitors, and business owners to be an higher profile as the Government has recognised it as one of these branches, espenior the few sources of new jobs, its relations with the banks have in ding and a long-established net the old face-to-face relationship between hank manager and what appears to many small

med up by ar Andrew Lord, the reorganising their branch struchead of NatWest's small business section in London: "Lending is a matter of judgment. We puts small business experts into
can't avoid that. The more hard
information we have, the better.
But at the end of the day, the
best bank to have is one that
best bank to have is one that
brows you knows you treak.

getting much bigger in recent years. NatWest, for example, lends £50m a month under its business development loan play it too safe by not lending scheme to an average of 3,500 money to the riskier ventures.

demand for better standards of management in small business, and a more professional and coordinated approach by the banks.

As a general rule, the banks

The LGS, which is also supposed to help people who have insufficent collateral for a loan, has been revamped this year.

The Government has been

As a general rule, the banks the Government has been provide the working capital for start-up and development, to the point where a business goes to the venture capital or stock markets to proceed further. Most businesses never take that longiture has been government has been trying to re-launch it—although its promotional literature is only now being printed, five months after the scheme's new rules became operational on May 1. plunge, so that long-term bank plunge, so that long-term bank loans remain the driving force ment guarantees 70 per cent of of their balance sheets. The the loans (it was originally 80 per cent) to risky new ventures, growing increasingly longer-but a premium is charged to deter carefree borrowing. The premium was originally 8 per per cent that the loans (it was originally 80 per cent) to risky new ventures, but a premium is charged to deter carefree borrowing. The premium was originally 8 per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium was originally 80 per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium was originally 80 per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium was originally 80 per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium was originally 80 per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium is charged to deter carefree borrowing. The per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium is charged to deter carefree borrowing. The per cent of the loans (it was originally 80 per cent) to risky new ventures, but a premium is charged to deter carefree borrowing.

It is now possible to borrow cent above commercial rate, up to £250,000 from most banks, provided the bank involved is willing to take the risk, of course. The term of the loan may run to 20 years. There will probably be a choice between a fixed or variable rate of interest, with options to change between the two at set intervals. There may be an interest-free holiday—in exchange for a higher rate later on—for part of the period.

With more like the inverted.

higher rate later on—for part or the period.

With sums like this involved, no bank manager is going to advance the money on a seat-of-the-pants basis. The customer will have to present a sound business plan and show that there are proper financial control financing expansions. This business plan and show that businesses, and half have gone there are proper financial controls in place in the business.

A demand for the latter also points to another way in which banks have been developing in their relations with small businesses. Only a few years ago, most bank managers paid little attention to management accounts, relying on a customer's bank statement as a gange of performance.

But the bank statement only reflects the business's cash book: it merely measures the daily ins and outs of cash, and

active in the small business sector train their up-andcoming managers as never before in management accoun-ting. Secondment of staff to ting. Secondment of stait to
enterprise agencies, where
small businesses get free
advice, has proved an eyeopener for many, making this a
valuable tool for bank management development. All the
banks participate.
Some banks are also

med up by Mr Andrew Lord, the reorganising their branch struc-

knows you, knows your trackrecord and understands what
you are trying to do."

That said, however, important
changes have been taking place.
It is easy to see why when the
manies involved are taken into but they themselves have, in turn, become much more pro-fessional too.

that may nevertheless Individuals and small companies have been going deeper and deeper into debt with the government's loan guaranteemand for better standards of the LGS. which is also sup-

premium was originally 3 per

But to put this into context, NatWest alone has more than £1.5bn out with small businesses under just one of its own loan schemes. None of this does not relate sales to the cost of achieving them. As a means of achieving them. As a means of analysing trends in key business ral—such as business and ratios, or forecasting next year's performance, it is useless.

Now, the banks which are illustrates and underlines the metric of the borrowers' brows. This illustrates and underlines the small business sector.

It is unlikely to diminish. Indeed the supporting services offered will almost certainly become more sophisticated as the banks get to understand the needs of their small business



National Westminster Hall, in Bishopsgate, once a banking hall, is now a conference centre. NatWest lends £50m a month under its business development loan scheme.

Export Finance

Fresh look at costs

FOR Most of the year, the City's export finance managers have been preoccupied as much with a single domestic issue as with the state of their overseas borrowers' creditworthiness— with cries of dismay by many of the history kepty Siven then FOR Most of the year, the City's export finance managers have or lack of it.

That issue is the Government's review of fixed-rate export finance, the longer-term lending supported by the Export Credits Guarantee Department to help overseas sales of capital goods.

Negotiations between the banks, the ECGD and Treasury, with the Bank of England in the chair, dragged on fitfully through the summer, breaking up into a series of meetings with individual banks. Further round-table discussions were mminent at the time of writing

Meanwhile, exporters themselves, have become increasingly alarmed by Treasury proposals for cutting the cost of government support for fixed-rate export lending.

After the CBI protest earlier this year, that businessmen were being left out of the discussions, a senior ECGD official, Mr Fred Chapman, has been atten-ding meetings of the CBI's export credits committee.

the banks get to understand the needs of their small business customers better.

Ian Hamilton Fazey

to banks some of the costs of arranging finance, exporters would end up having to pay in the end. That, the CBI argues, would further damage export prospects at an already difficult time in world markets.

the bigger banks. Since then, bankers believe, the Treasury has come to accept their argu-ment that the costs of arranging this type of finance are greater than might appear—not least because so few of the big-con-tract negotiations they embark on these days result eventually

Because of this, and because of the increasing complexity of the subsequent discussions, much of the heat appears to have been taken out of the con-

At first the Treasury empha sised the need to reduce mar-gins to reflect the falling cost of money. It suggested that mar-gins on sterling loans could come down from % or 1 per cent to % per cent over London Inter-bank Offered Rate (Libor). The margin on foreign currency loans should drop to is from the

But gradually the focus of the Last month, Mr Don Holland, chairman of the committee, wrote to Mr Alan Clark, the Trade Minister, to say that, if the Government were to pass on to banks some of the costs of some point during the life of the arguing finance, exporters would end up having to pay in the end. That, the CEI argues, would further damage export loan on the capital markets. paying the bank some margin to compensate it for costs incurred

up to that date. This proposal looks similar in intent to ideas already tested, and eventually rejected, for establishing a separate export bank owned by the big lenders but backed by the ECGD to raise money at very

The Treasury has, meanwhile The Treasury has, meanwhie, modified its margins proposal with a reported move to pay according to the size of the export credit. There would be three categories of loan, with smaller deals probably carrying a higger margin than large

ones.

Bankers remain adamant, however, that their export finance business is not showing enough profit at the moment to allow them to shoulder a greater burden, even if some have always accepted that a review of margins was overdue. They say that either export finance departments will be further reduced, or customers will have to nay more for work the banks. to pay more for work the banks put into contract negotiations, whether or not those negotia-tions are ultimately successful. To the Government, a review of the public cost of supporting fixed-rate export financing certainly must have seemed long overdue, given the rapid

Christian Tyler

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Venture Capital

Buy-outs bring benefits

Subsidiaries of merchant banks and clearers last year provided just short of a quarter of the £326m invested by specialist risk capital institutions, up from nearly 20 per cent of the £984 total, according to Venture Economics, the US-owned wesserth consultance. owned research consultancy.

That means they represent the
most powerful force in venture
capital after the independent
groups which have traditionally
represented the mainstay of the
business.

There is no doubt that banks' There is no doubt that banks' contribution to risk investment is set to grow further. Not that their arrival is entirely new. After all, Charterhouse Development, part of Charterhouse merchant bank, became Britain's first venture capital group at its foundation in 1934, while 3i, owned by the top clearers and the Bank of England, has been making unquoted has been making unquoted investments for more than 40

However, the explosion in the availability of venture capital in recent years, and in the demand for it, has highlighted more than ever the potential rewards for banks that are able to manage

banks as a logical way to cash-generative businesses in squeeze more out of existing fairly mature industries—like resources. The clearers, in Lawson Mardon, in packaging particular, have been attracted or Parker Pen—a far cry from by the opportunity to use venture capital as a way to add popularly associated with risk value to their extensive branch investment.

networks.

All of the top four clearers have set up venture capital ability to borrow against the

ONE OF the few consistent fea-tures of Britain's volatile and ever-changing venture capital industry has been the growing offshoots, as in the cases of Barclays, Lloyds and National Westminster.

Moreover, according to Ven-Moreover, according to Ven-ture Economics, 12 of the 16 London Accepting Houses are "major players" in venture capital as investors, fund rais-ers, or fund managers. Their prestige and the £43bn worth of pension fund investments, for which they act as advisers, has enabled them to move into the industry fast.
The most important reason for

the jump in their dominance over the past year is that the character of venture capital is character of venture capital is being changed by the increasing popularity of management buyouts, so that bank finance is getting more important to more deals. Management takeovers worth £930m took place last year, more than three times the 1934 total of £255m, according to a recent study by the University of Nottingham's Centre for Management Buy-Out Buyout space.

Ironically, the buy-out craze has been triggered by some-thing which has very little to do with venture capital; a growing trend among big companies to restructure and shed periphe-ral activities in favour of a more focused approach to core businesses. So it is that the typi-An involvement in venture cal large buy-outs of the past capital has been seen by several year have tended to include banks as a logical way to cash-generative businesses in

assets of the business they want to purchase. Accordingly, debt is usually a much bigger compo-nent of such deals (debt equity ratios of three-to-one are not unusual) than venture capital-ists' traditional stock in trade, equity finance.

capital. Some involvement in small businesses—whether as an investor or just financial adviser—can be a way of forming links with the big corpo-

USM candidates do not have to hire a merchant bank sponsor so long as they have a stock-broker, yet banks account for five out of the top 10 junior, market flotation sponsors. Leading the merchant bank league is County, with 17 new issues to its name, followed by Hambros with 15, and Samuel Montagu with 13, according to accountants Peat Marwick. How long venture capital will

How long venture capital will remain attractive to banks is another matter. Britain's risk investment business has yet to prove whether it can survive a sharp downturn in the market for new issues. Flotation sponsors were already warning at the time of writing that the harsh competitive environment after the Big Bang might force them—at least for a while— to take a much more critical view of which new issues are likely to be profitable to handle.

William Dawkins

<u>Irade</u>

equity finance.

Buy-outs have temporarily overshadowed, but not diminished, another reason why banks have moved into venture capital. Some involvement in to the only ming links with the big corporate fee-earners of tomorrow. This argument has been reinforced by the success of the six-year-old Unlisted Securities Market in providing a relatively cheap and flexible way for unquoted investors to realise their profits.

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The decisions get harder

THE TECHNOLOGICAL decisions that the UK banking community has faced, and is facing, in the middle part of this decade are profound and farreaching. They will determine to a large extent the way in which financial transactions, both reastly and wholesale are both retail and wholesale, are carried out in the UK until well into the next century.

The most important decisions

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The structure and implementation of a national electronic funds transfer at the point of sale (eftpos) system;
The integration of computer-based customer information into single files, making it possible to create financial profiles of individual customers; and The creation of effective dealing and settlement facilities, to make the most of the opportuni-ties offered by deregulation in the securities marketplace. First, eftpos. Over the past few

mouths, the leading UK banks have been mulling over details of a "cashless shopping" sys-tem designed by EFT-POS, a tem designed by EFT-POS, a development organisation set up by the London and Scottish clearing banks with the express purpose of putting a prototype in place by April 1988.

It seems it may well be weeks, or months, before they are able to formulate a joint decision, by which time the 1988 deadline will seem increasingly difficult

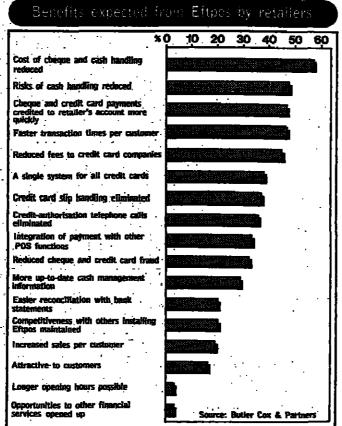
will seem increasingly difficult to achieve. The present hesitation is simply the latest in a long series of delays and reviews that have plagued the history of effpos in

the UK.

In principle, the advantages of cashless shopping—speed, convenience, an end to paper convenience, an end to paper— ought to have been seen by the banks, the retailers and the public as being so attractive that progress towards a national system was smooth and unhin-dered. In practice, financial, political compatitive and political, competitive and technical considerations have led the leading protagonists for such a system to wonder if a general agreement can ever be

reached.
Cashless shopping turns on the notion of the "debit" card, exactly analogous to the service card now used to draw money from automated cash dispensers. The "point of sale" would be equipped with a medial be equipped with a special terminal, able to read informa-tion written magnetically on the

debit card.



customer would also key in a personal four-digit number, in exactly the same way as when exactly the same way as when drawing cash from a dispenser. Electronic messages would then pass from terminal to comuter, checking that the personal identification number matched the card, that the card was valid and not on a list of stales or lost.

the card, that the card was valid and not on a list of stolen or lost cards, and that the transaction was within an agreed limit. If all proved satisfactory, the transaction would be given the go-ahead and further messages would be transmitted to the customer's bank, instantly debiting his or her account with the amount of the transaction. the amount of the transaction, and concurrently crediting the retailers' account with the equivalent amount.

There are enough problems of

There are enough problems of detail in such a system to keep the banks busy with their consultations for years.

Should the system operate only in "on-line" mode, for example, where every transaction is checked with the main computer centre? Or should it operate in "off-line" mode also, where the terminal does not communicate with the main-It would also be able to communicate, over the telephone lines, with the card issuers computer centre. A customer who intended to pay for goods using the card would present it to the cashier for "swiping" through the terminal. The

Alternatively, should there be a lower limit, say £20, below which the banks would guarantee payment without electronic checks, in the same way that they guarantee cheques presented with a cheque card?

Add to these thorny, but not insuperable, difficulties the question of credit cards, and the reasons for the delay become clearer.

Eftpos was conceived ori-ginally as a debit system — the instantaneous electronic move-ment of cash from customer to retailer, without the costly and time-consuming paper trail that accompanies the clearing of

accompanies the clearing or cheques.

For the banks, however, cre-dit is a booming business; and it became apparent earlier the year that they would see greater benefits in an electronic credit-card system than in a debit-card

All the major banks are experimenting with eftpos systems on a small scale, but have agreed to discontinue them if and when a national scheme is introduced.

Decisions about the merging of customer files are just as significant to the banks' marketing efforts, but the problem has a

much greater technological content. To a large extent, the banks are captives of their technological past. They were among the first organisations to build massive databases of customer information and, inevitably, these grew up in a piecemeal fashion.

Ideally, the banks would like all the information about their private and corporate customs.

private and corporate custom-ers stored in such a way that they can draw up a financial profile of each one, in order to help their marketing efforts.

In practice, the information is In practice, the information is stored on many different files under many different conven-tions. Converting all the various files into one master database is likely to keep bank management services departments busy for years to come.
Integration of customer files

is, however, seen as critical to the development of a competi-tive edge. UK banks are well aware that their US customers are already some way down the road towards such integration, and that they cannot afford to be

left behind.

The threat of competition from overseas is similarly creat-ing a trend towards very sophisticated technological sys-tems, to handle the equities market in the wake of Big Bang later this month.

Such developments have two essential phases. First, the development of the technology necessary to handle information transmitted from the Stock Exchange, and to meet its repor-ting and settlement require-ments. Second, the development of in-house information handling and position-keeping

systems.

The main technological development now expected in dealing rooms is the move from the distribution of market information through a videoswitch to distribution of the information digitally—that is, in computer language.

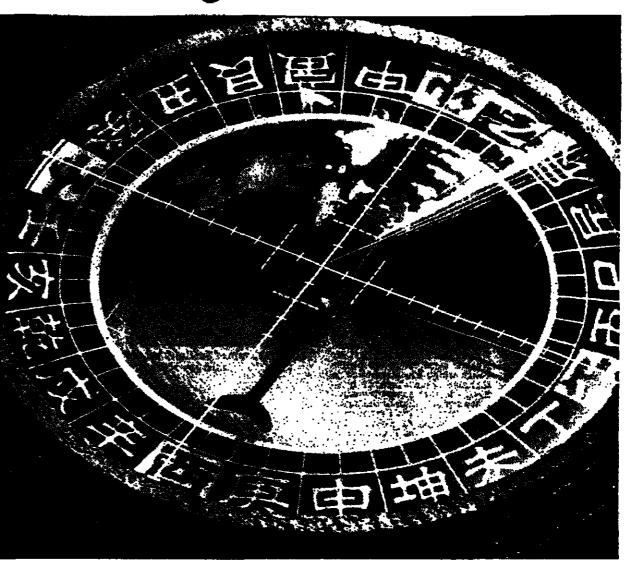
Video-switching is effective and resilient, but digital switch-ing is easier to install, makes full colour possible, and allows information to be processed more easily.
So the management services

director who is charged with setting up an effective dealing room has had some stiff decisions to make over the past few

So rapidly is the technology changing, that these decisions will all have to be made again in two or three years' time. City salaries may be inflated, but the technologists earn every penny they are paid.

Alan Cane

Well-navigated



The Chinese invented the compass some 3,000 years before the West discovered radar. Yet navigation through Asia's commercial waters is still a tricky business today. It requires patience, skill and knowledge of local business routes and

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Credit Cards

A delayed start for eftpos

standing consumer credit in the UK is a booming business. In the second quarter of 1986, total new credit rose 6 per cent-from £7.280n in the first quarter, to £7.69bn on a non-seasonally

adjusted basis. Bank credit cards accounted for the bulk of new advances of consumer credit in June—some consumer credit in June—some c2.5bm—a development that may have alarmed some analysts, but which undoubtedly warmed the hearts of most clearing banks.

Despite concern at the increased risk of default, which accompanies such growth in the

accompanies such growth in the pace of borrowing, banks are confident of a growing market for credit cards for both domestic and international use.

Barclaycard, in 1874 the first to offer its customers both a credit card and a cheque guarantee card, has come a long way. Since it joined the international visa operation in 1977, it has become the largest visa card issuer outside the US, with concomitant profits.

At the end of June, Barclaycard holders in the UK exceeded 8.3m, with turnover in the six-month period totalling £2,506m, an increase of 23 per

22,508m, an increase of 23 per cent on the year-ago period. In its interim results this year Barclays included the figure for its Central Retail Services devision (which includes Bare-layeard) for the first time—pre-tax profit increased by £1m to

Barclaycard's chief executive,
Mr Peter Ellwood, remains confident of further expansion, but
is keenly aware of an
increasingly competitive marketplace. In the past, Barclays
has been strong on innovation.
It was among the first, for examlet to offer a "Premier" can't to ple, to offer a "Premier" card to rival the American Express Gold card, offering preferential overdraft rates and high spen-ding limits for higher income

earners.
The £7,500 overdraft facility—
also offered by other major
banks—has recently been bettered by National Westminster's "Gold Plus" service, offering unsecured lending up to £10,000 at 2.5 per cent over the base rate. The NatWest Gold Master-Card can be used at over 4,800,000 outlets worldwide exhibiting MasterCard, Access

and Eurocard symbols. NatWest is Barclaycard's earest challenger by the extent of its participation in the jout credit card company Access. The Access scheme also includes Midland, Lloyds, Royal Bank of Scotland, Bank of Ireland and Northern & Ulster

Access also experienced a good year for credit. In the year ended June 30, turnover rose 25

CAUTIONARY TALES notwith-standing consumer credit in the number of cardholders reached 9.1m. The association between Access, MasterCard and Euro card provides 5m retail outlets worldwide.

Against the might of the Barc-laycard and Access systems in the UK, a newcomer has been thrusting aggressively forward with substantial success. Truswith substantial success. Trustee Savings Bank—a name that has rapidly become familiar to many—launched its Trustcard in November 1978, and some 2.5m have now been issued.

Trustcard is linked to the Visa credit system, making it popular both at home and abroad. Its success points to the spread of credit card ownership more evenly across the country, and agree from inst the higher away from just the higher income brackets.

Banks have been propelled towards credit cards, both by the growing need to provide competitive financial services for the consumer and by the lure of large profits. Interest rates on cards such as Barelaycard and Access are typically some 10 points over base rates. some 10 points over base rates.
The competition involved in
maintaining this lucrative position has been reflected in the increasing number of "perks" offered to the cardholders These vary from free travel accident insurance, discounts on car rental and holidays and, as in the case of Trustcard, dis-counts on provide health insur-

once.

Other advantages of using credit cards have been presented by organisations offering discounts for annual payments made by direct debit on a cardite AA or the National Trust, for example.

Such offers may have tended to blur in the consumer's mind

to blur in the consumer's mind the distinction between using a credit card for convenience and using one as a means of exten-ding one's income, le, for

Plastic cards are often used for convenience, whether they are "charge" cards, such as American Express or Diner's Club, which do not provide an extended period of repayment; or " credit " cards, which charge interest on transactions after a given period, but allow delayed

As the former cards involve an annual membership fee, many people are likely to opt for the latter which are, in most cases, free of charge (unless they are "gold" cards available

to higher earners).

The danger for the consumer is the intended use of a credit card for convenience rather than extended credit, which dwindles into a means of borrowing Payment by card—in petrol stations, for example—is often easier and quicker than type of purchase

My and Hem

writing a cheque. But even payment by means of a plastic card in the UK is still, for the most part, a tiresome business, which can involve long delays waiting for authorisation of purchase from

the card company.

An automated payments system which links your purchase ten which links your purchase at a retailer with your bank account, resulting in a direct debit after security checks, is already operating in much of the world.

The electronic funds transfer at point of sale (eftpos) system operates in Australia, New Zea-land, much of te Far East, the US. France. Spain and Portugal.

US, France, Spain and Portugal, with card details on a magnetic stripe on the back of the card. In some countries, such as Norway, the magnetic stripe has been replaced by a silicon chip whch can hold more informa-

In the UK, discussions on an effpos system of cashless shop-ping have been plagued by delay, and may prove to be an important test of the banks commitment to provide improved financial services at the cost of an initial dent in

Capital expenditure for such a system is considerable, involring both the purchase and installation of computer terminais in retail outlets—and the expense of making each bank's computer communicate with the

Division of costs between banks and retailers is likely to be an issue, but at present the target date for the first machines to be in place and operational for a nationwide

system is 1988. While talks on the national system go on, individual banks hare conducted their own eftpos experiments. Clydesdale Bank, subsidiary of Midland, led the field until recently with its Counterplus scheme operat-

Club for their participation.

While the banks continue to discuss the future of eftpos, there is always the possibility that some retailers will decide to go in for their own system.

Marks and Spencer's hugely successful in-house credit card, for example, may wish to look to

failure to agree an eff/pos system on a national basis could be extremely frustrating for the consumer. As long as certain stores accept only cash or their own credit cards, the number of pieces of plastic will continue to multiply, as will the cost of

tened by the fact that deregula-tion in the financial services

into new fields, including unse-cured lending. While there are limits as to the extent of their participation, they are unlikely at present to be sitting idly by i anticipation. Since October 1985, the Anglia

outlets in the town.
At the Halifax, the "Card-

ing at BP garages in parts of Scotland since 1982.

Early this year, Barclays laun-ched an eftpos experiment known as Darts (Data capture and authorisation retail trans-action service) at Brent Cross

action service) at Brent Cross shopping mall outside London, which included C & A and Heathrow's Terminal 4 as its participants.

Despite the launch of these experiments, enthusiasm remains low-key. Yet Lloyds plans to launch its Cardpoint experiment in Peterborough early next year, with retailers experiment in reteriorough early next year, with retailers paying for the installation and operation of terminals. Lloyds has gained agreement with Access for the acceptability of all Access cards at up to 75 terminals, and is still negotiat-ing with Visa, Barclaycard, American Express and Diners

For the banks, fraud does not

seem to be a major deterrent to the credit card business. While they are reluctant to provide a breakdown of the costs of com-bating fraud against amounts recovered, according to Access and Barclaycard levels of fraud actually fell for the first time ever in 1985. The cosumer may be hear-

market in the UK is likely to put pressure on the banks to do more than provide credit at a From January 1, the building societies will be able to venture

Building Society has been operating a major eftpos experi-ment in Northampton with cards accepted at over 100 retail

eash" interest-paying account, which pays bills free of charge and is run by a plastic card, is proving extremely successful with 2m accounts expected by the end of the year.

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Channel Islands

Keeping the young at home

sented.
Swiss involvement, previously Islands are having to pay for limited to Jersey's Bank Cantrade, has been widened with the arrival in Guernsey of Crédit Suisse and Rothschild Bank Switzerland—in the latter operating quite separately from N. M. Rothschild's Channel Islands subsidiary, which has been active in Guernsey since 1967.

In preventil 18 also expected from that quarter. One of the prices the Channel slands are having to pay for their success as financial centres is the growing competition for staff, and the resulting problem is aggravated by the bousing laws in Jersey and N. M. Rothschild's Channel Guernsey, which put restrictions on the occupation of competition of the prices the Channel of the success as financial centres is also expected from that quarter. One of the prices the Channel of the prices the Channel of their success as financial centres is also expected from that quarter. One of the prices the Channel of their success as financial centres is the growing competition for staff, and the resulting problem is aggravated by the louse of the prices the Channel of their success as financial centres is the growing competition for staff, and the resulting problem is aggravated by the louse on the occupation of the prices the Channel of the prices
banks and leading City discount houses, to subsidiaries and branches of major foreign

Twelve US and four Canadian banks are established in the

islands, and most European countries have at least one

banking presence there. Austra-lasia, India, South Africa and

In preparation for a separate local offer in November, to follow the main TSB Group flotation, TSB Channel Islands has been formed in Jersey with an authorised capital of £7.5m. Established in the early 19th century as distinct Guernsey and Jersey savings banks, and combined into a joint Channel Islands operation in 1975, TSB is now a major force both locally

In preparation for a separate

Isle of Man

The message is getting across

THE ISLE of Man's deposit base however, says much about grew by 13 per cent in the first inspection standards prior to half of 1986, and looks set to maintain the 26 per cent annual set up very quickly after the growth rate it has achieved durchly after the collapse also suggests that there

maintain the 26 per cent annual growth rate it has achieved during the last two years.

The actual figure on deposit on the island was £2.9bn at the end of June. This may be small by international offshore standards — Jersey's deposits have usually been up to ten times bigger — but, given continuing growth, the figure will have gone through both the £2bn and £3bn marks in less than 22 months.

Isle of Man banks would therefore appear to be thriving, which suggests that the campaign by the island's government to develop financial services as the principal plank of the local economy is working. Indeed, the picture may be about to get even better for, according to Mr Jim Noakes: "Things have gone pretty quiet during the run-up to the Big Bang."

There are two principal presents why confidence is grow-

reasons why confidence is growing in the Isle of Man as an offshore centre. One is that the island undoubtedly has a very good sales message with which to fight the offshore competition; but the other includes Mr Noakes himself, though he is also part of the sales message.

A former Bank of England offscial he is the island's bank.

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on these subjects are standard works. The inspectors and the commission have real teeth: when the Isle of Man boasts that it has inspection machinery that makes its banks as safe as they can reasonably be expected to

be, it is a fair one.

Why it needs to make such a boast is that the ghost of the Savings and Investment Bank which collapsed in 1982 with £40m of depositors' money still haunts the narrow and crowded thoroughfare of Athol Street, the heart of the financial centre in Douglas, the island's

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There are two principal the Isle of Man's attractions reasons why confidence is grow- stress that no one on the island

ing inspector. He has a counterpart in the insurance sector, Mr Duncan Neil, who used to arrange large-scale insurance in the chemical industry.

They are backed no here. in the chemical industry.

They are backed up by a permanent commission headed by Mr Mark Solly, an expert on the island's taxation and commercial laws, and whose books on these subjects are standard.

"They are wistings of their own.

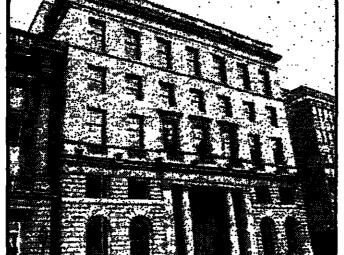
"They are victims of their own "They are victims of their own success," says one of the Isle of Man's leading banking figures. "No matter what they say, there are capacity limits. Physically, the Isle of Man is ten times their size and, relatively speaking, amoty."

empty."

The reason why it is empty there are only 65,000 people in 221 square miles — is that, for decades, the island stuck to its traditional way of life and made little attempt to woo internatio-Only in recent years — as the old tourist industry has declined — has the need for

not have happened with today's development become clear.

In Hamilton III.



The Royal Bank of Scotland has won back its pride after an unhappy start to the 1980s

Channel Islanders well know,

Channel Islanders well know, since they are reminded every Budget day, that it is largely the contribution of the finance industry that is producing regular revenue surpluses, keeping down taxation, and paying for education, health care and other social services.

The openings for school-leavers in banking and allied fields

ers in banking and allied fields have transformed the employment scene, and young islanders no longer have to face the prospect, as they did when the UK clearers were the only bank employers, of moving to the mainland to further their careers

Virtually all the current office

development in St Helier and St Peter Port is for banks and

finance houses, while cultural and sporting associations look-

ing for sponsorship now instinc-tively turn to the banks as the

Scotland

Action south of the border

trying to expand south of the border, and they are doing so in intriguingly different ways. Scotland is, if not overbanked,

Scotland is, if not overbanked, at least somewhat short of new opportunities for retail banks. The Royal Bank. Bank of Scotland and the Clydesdale, which is wholly owned by the Midland, each have their own branches in every town and important village in the country. The Trustee Savings Bank, the bank whose origins are in Scotland, is chasing them as it moves increasingly into retail banking. With the Scottish economy not exactly booming, there is not much room for expansion at home.

Until the early 1970s the Scott-

of the banking world, from through the independently-run the finance industry are putting offshore finance subsidiaries of Jersey and Guernsey post the clearers. British merchant offices, has expanded its ser-local economies, including pub-

through the independently-run Jersey and Guernsey post offices, has expanded its ser-vices in the islands over the past year, and for the first time the Co-operative Bank is moving offshore with a branch in

Guernsey. Now that the building societies can pay interest tax-free to expatriates, and are soon to be allowed to operate outside

the UK, increased competition for Channel Islands bankers is

While the clearing banks treat their Channel Islands branches

their Channel Islands branches as part of their South of England networks, they pay staff moving there around 13 per cent to 14 per cent above mainland rates. This is partly in response to the unions' claim that, despite a 20 per cent rate of income tax, it is more expensive to live offshore; but it is also a recognition of the fact that many rival institutions are ready to snap up staff who

are ready to snap up staff who feel they are being underpaid. The levels of pay current in

Bank, whose assets in September 1985 were £15bn, compared

SOME OF the most important events in Scottish banking are actually taking place in English banks enjoyed a gentlemen's agreement that Monopolles Commission, which also ruled out the rival bid from on the other's territory. That thousand Scottish clearing banks, the Royal Bank of Scotland and the Bank of Scotland, are both trying to expand south of the border, and they are doing so in intriguingly different ways.

ish and English banks enjoyed a gentlemen's agreement that Monopolles Commission, which also ruled out the rival bid from on the other's territory. That thoughough and Shanghai. Since the Royal Bank's management that Monopolles Commission, which also ruled out the rival bid from on the other's territory. That thoughough and Shanghai. Since the Royal Bank's management that they saw no long the banks of Scotland, are both trying to expand south of the border, and they are doing so in intriguingly different ways.

"It was really a blessing in

It was really a blessing in "It was really a blessing in disguise as it meant that we could go into the English provinces," says Mr Bruce Pattallo, the treasurer and chief executive of Bank of Scotland. "The English market is of course much bigger than the Scottish." The question was how to do it. The bigger of the two independent Scottish banks is the Royal Bank, whose assets in Septem-

with the £8hn of its competitor. The Royal Bank went through an unhappy time at the beginning of the 1980s, when its desire to merge with Standard Chartered was blocked by both

pressure on all sectors of the local economies, including public administration. Guernsey recently lost both its commercial relations adviser and its government treasurer to the pri-

vate sector—just at a time when the island was in need of a

strong supervisory team to see through a number of proposed

new regulatory measures, including the setting-up of a Financial Services Commission.

Guernsey's first banking super-visor, recruited at a salary of £29,500, resigned within 10 months, and his place has now

been taken by John Roper, who was seconded from the Bank of

Meanwhile, bank deposits in

Jersey, excluding those of the clearing banks and the TSB, totalled just over £21bn at the last count, of which some £14.5bn was in non-sterling cur-

England.

Observers of the banking scene say that the merger was a somewhat "messy" one, but that its benefits should soon emerge in the form of higher profits—in the financial year to September 1985 the bank made pre-tax profits of £166.3m. "The

In the meantime, the Royal Bank has, like its fellows in the south, prepared itself for big bang by buying the merchant bank Charterhouse Japhet for £151m. It has also bought a stockbroker, Tilneys of Liver-

Bank of Scotland did not have the benefit of owning a commer-cial bank in England, nor did it feel it could afford to establish a viable branch network there. "It would not be a liability, but the time at which it might become one may not be so far off," says Mr Pattullo.

rencies. Guernsey's end-1985 figure, inclusive of clearing bank deposits, was around In addition, it is estimated that upwards of £4bn is invested in offshore funds managed from the islands; and very substan-tial sums are also accounted for by the continually expanding

But the hank has since WOD But the bank has since won back its pride and, in the words of one observer, "gone almost to the opposite extreme" in terms of self-esteem. The management of the Royal Bank group decided to merge its two subsidiaries, the Royal Bank itself and Williams and Glyn's, into one bank, the Royal Rank itself and williams and Glyn's, into one bank, the Royal Rank into one bank—the Royal Bank

The merger took place in September last year and the identity of Williams and Glyn's disappeared forever. The Royal disappeared forever. The Royal Bank had gained overnight 330 branches in England to add to its 540 in Scotland. It hopes eventually to gain savings in senior management staffing, as well as the benefits of having a larger operation to which each bank has contributed some com-plementary areas of specialisa-tion.

operational savings ought to be quite considerable, though there is no evidence of them yet," said one analyst.

Instead, it has developed a different sort of "delivery system," in Mr Pattullo's phrase. It has established nearly 10 regional offices to tap the English corporate market, and is approaching the personal sector market by means of a series of joint ventures—with the Automobile Association, for example, through which it mar-Edward Owen example, through which it markets Visa Card, budget accounts

for a combined chequebookdeposit account scheme called
Alliance Banksave. It provides
mortgages in the UK in association with the Scottish Life
Assurance company.

"We've got a lot of pigeon
holes and now we want to link
them all up," says Mr Pattullo.
The way the Bank of Scotland
wants to do this is through the
expansion of its home and office
banking system, called HOBS. banking system, called HOBS. This is the first home electronic banking system which enables a private or business customer to make payments and transfers from his home or office via a television set plugged into the Prestel system. It is aimed parti-

Prestel system. It is aimed parti-cularly at small businesses such as lawyers, dentists, farmers and so on.

"I pay all my bills sitting in my chair at home on a Saturday evening." says Mr Pattullo. "It means, among other things, that the dog doesn't get a walk to the letter box."

Mr Pattullo is convinced that

Mr Pattullo is convinced that this will be the way in which everyone does his banking in five years time. But, so far, the Bank of Scotland's enterprise has not been emulated by any other clearing banks, though Midland and Barclays are said to be studying the idea. Bank of Scotland says that the customer acceptance rate for HOBS is satisfactory but does not quansanstactory but does not quantify it. The beauty of the system from the Bank of Scotland's point of view is that it can pick up customers in, say, rural Norfolk, who may never have set eyes on a Bank of Scotland branch.

But innovation has its costs in terms of capital expenditure which analysts say may be affecting the bank's profits, which in the year to February 1986 amounted to £35.2m. Now the same to Escale Now the bank has to disprove the cruel saying: "Pioneers tend to get scalped."

The Bank of Scotland is also

refusing to follow the herd in its approach to big bang. Mr Pattuilo says: "I believe a lot of Big Bang will end up in tears in a bear market." His bank has not made a massive or stockback. merchant banks or stockbrok-ers. It shuns bigness for its own sake and prefers to make its way to its objectives on its own. It has, however, become one of the institutions that are to carry out lead underwriting for Cazenove, which is also proudly standing aloof from the conventional response to Big Bang.

James Buxton

Only in recent years — as the old tourist industry has declined — has the need for economic planning and development become clear. Ian Hamilton Fazey Apart from branches of the clearing banks, there are now nearly 55 licensed deposit-taking institutions operating in Jersey, and over 40 in Guernsey. They cover the whole spectrum Century as distinct Guernsey and Jersey savings banks, and combined into a joint Channel Islands operation in 1975, TSB is now a major force both locally and in the offshore field. Britain's Girobank, operating WHEN HE COMES TO CHOOSING THE RIGHT BANK MAKE SURE

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RIGHT DIRECTION

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DEVELOPING THE GLOBAL MARKET FOR EQUITIES

London, 21 October 1986

The Financial Times, in association with The Banker, is staging its first major forum on the worldwide equity market, to be held in London at the Merchant Taylors' Hall. The programme, timed to precede Big Bang, brings together an impressive range of speakers to discuss the prospects for the 24-hour market, regulation, and the role in the market for the City of London. Chaired by Mr Andrew Large of the Swiss Bank Corporation International Limited, speakers include:

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